

Auditing Procedures Report

Issued under P.A. 2 of 1988, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name VILLAGE OF BALDWIN	County LAKE
Fiscal Year End 2-28-07	Opinion Date 6-22-07	Date Audit Report Submitted to State 8-27-07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☒ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) BAIRD, COTTER AND BISHOP PC		Telephone Number 231-775-9789	
Street Address 134 W. HARRIS STREET		City CADILLAC	State MI
		Zip 49601	
Authorizing CPA Signature 	Printed Name JONATHAN DAMHOF CPA		License Number 1101022613

VILLAGE OF BALDWIN

BALDWIN, MICHIGAN

FEBRUARY 28, 2007

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

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VILLAGE OF BALDWIN, MICHIGAN

FEBRUARY 28, 2007

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June 22, 2007

INDEPENDENT AUDITORS' REPORT

To the President and Village Council
Village of Baldwin, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Village of Baldwin, Michigan, as of and for the year ended February 28, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Baldwin, Michigan's, management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Baldwin, Michigan, as of February 28, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Accounting Standards*, we have also issued our report dated June 22, 2007, on our consideration of the Village of Baldwin, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over the financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages iii through xi and 37, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepting in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Baldwin, Michigan's, basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

VILLAGE OF BALDWIN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED FEBRUARY 28, 2007

Management's Discussion and Analysis

The management of the Village of Baldwin, Michigan ("the Village") offers this narrative overview and analysis of the financial activities of the Village for the fiscal year ended February 28, 2007 for the benefit of the readers of these financial statements. This management's discussion and analysis is intended to assist the reader in focusing on significant financial issues and to provide an overview of the Village's financial activity. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole, which can be found in this report.

Financial Highlights

Government-Wide

- ❖ The assets of the Village exceeded its liabilities at the close of this fiscal year by \$13,857,289 (shown as *Net Assets*), representing a decrease of \$285,647 over the previous fiscal year. Governmental Funds represented a \$94,463 increase, while Business-Type activities accounted for a \$380,110 decrease.

Fund Level Financial Highlights

- ❖ As of February 28, 2007, the governmental funds of the Village of Baldwin reported combined ending fund balances of \$647,357, of which \$572,343 is unreserved.
- ❖ The unreserved fund balance of the Village's General Fund decreased this year to \$329,782.

Long-Term Debt

- ❖ The Village of Baldwin's total long-term debt decreased by \$60,462 during the fiscal year.

Overview of the Financial Statements

The Village of Baldwin's financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements This report includes government-wide statements as required by GASB Statement Number 34. The *government-wide financial statements* are designed to provide a broad overview of the Village's financial position. The Statement of Net Assets and the Statement of Activities are two financial statements that report information about the Village as a whole, and provide measurements of long-term trends. They are presented using a method of accounting that is similar to a private-sector business.

The *Statement of Net Assets* (Pages 1-2) presents information on all of the Village's assets and liabilities, the difference between the two being reported as the Net Assets of the Village. Over

VILLAGE OF BALDWIN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED FEBRUARY 28, 2007

time, increases or decreases in net assets can serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. An increase in net assets would indicate an improvement in financial condition. On the other hand, a consistent decrease over time in net assets may indicate a decline in the financial health of an organization.

The *Statement of Activities* (Page 3) gives the information on the revenues and expenses causing the underlying change in the government's net assets during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows.

Both of these statements distinguish functions of the Village that are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). Governmental activities of the Village include general government, public safety, major and local streets, public works, recreation and culture, other functions and debt service. Business-type activities of the Village include water and sewer utility services.

Focus on Funds

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus has shifted, however, to Major Funds, rather than the previous focus on fund types. The Village's major Governmental Funds include the General Fund, Major Street Fund, Local Street Fund, Fire Fund, 1990 Housing Rehabilitation Fund and the Towne Central Capital Projects Fund. The major Proprietary Funds include the Water Fund and Sewer Fund. Presentation of major funds can be found on pages 38-66 of this document.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Each fund is operated similar to a completely separate entity, with its own set of balancing accounts. The Village of Baldwin uses fund accounting to ensure compliance with finance-related legal requirements. There are three basic types of funds: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds Many of the Village's basic services are reported in the governmental funds. Governmental funds account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This is known as the modified accrual system of accounting. Under this reporting system, capital items, debt payments and certain other items are treated differently than on the government-wide statements. These items are recorded in the governmental fund statements on the Statement of Revenues, Expenditures and Changes in Fund Balance as an expenditure. No depreciation is recorded on capital items. The balance sheet for governmental funds does not

VILLAGE OF BALDWIN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED FEBRUARY 28, 2007

include any capital items or long-term debt. Governmental funds for the Village include the General Fund as well as the special revenue, capital project, and permanent funds.

Proprietary Funds Proprietary funds account for services for which the Village charges its customers for the services they are provided. These charges can be to external customers or other agencies within the Village. There are two types of proprietary funds:

- Enterprise funds are used to report business-like activities of the Village. These activities intend to recover the full cost of the services through the fee charged to the customers. The Village has two enterprise funds, which are the Water Fund and Sewer Fund.
- Internal Service funds are the second type of proprietary funds. These funds provide services to other departments within the Village. This fund allows the Village to allocate costs of centralized services such as the Village's vehicles and equipment. The Village has one internal service fund.

Component Units The Village's Comprehensive Annual Financial Report includes reporting on separate legal entities for which the Village has some level of financial responsibility. These funds are shown in a separate column. The Village's only component unit is the Downtown Development Authority.

Notes to the Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a complete understanding of the information provided in both the government-wide and the fund financial statements. The notes can be found beginning on page 17 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements. This information can be found on page 37 of this report.

Government-Wide Financial Analysis

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Village's financial position over time. The Net Assets of the Village are \$13,857,289 at February 28, 2007, meaning that the Village's assets were greater than its liabilities by this amount. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

VILLAGE OF BALDWIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED FEBRUARY 28, 2007

Village of Baldwin
Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 1,280,541	\$ 1,213,028	\$ 841,672	\$ 1,018,134	\$ 2,122,213	\$ 2,231,162
Capital Assets	897,489	802,576	14,730,319	15,015,776	15,627,808	15,818,352
Total Assets	2,178,030	2,015,604	15,571,991	16,033,910	17,750,021	18,049,514
Long-term liabilities	51,238	65,200	3,483,950	3,546,851	3,535,188	3,612,051
Other liabilities	332,847	259,328	24,697	35,199	357,544	294,527
Total Liabilities	384,085	324,528	3,508,647	3,582,050	3,892,732	3,906,578
Net Assets						
Invested in capital assets						
net of related debt	832,110	723,235	11,507,062	11,789,276	12,339,172	12,512,511
Restricted for Debt Service	0	0	340,316	330,952	340,316	330,952
Unrestricted	961,835	967,841	215,966	331,632	1,177,801	1,299,473
Total Net Assets	\$ 1,793,945	\$ 1,691,076	\$ 12,063,344	\$ 12,451,860	\$ 13,857,289	\$ 14,142,936

The most significant portion of the Village's Net Assets is the investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others), less any related debt that is outstanding that the Village used to acquire or construct the asset. The Village has \$1,177,801 in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by Village policies regarding their use.

The total net assets of the Village decreased \$285,647 this fiscal year, primarily due to the provision for depreciation in the Water and Sewer Funds.

The following table illustrates and summarizes the results of the changes in the Net Assets for the Village. The condensed information was derived from the Government-Wide Statement of Activities.

VILLAGE OF BALDWIN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED FEBRUARY 28, 2007

Village of Baldwin
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$ 1,484	\$ 2,414	\$ 493,044	\$ 550,822	\$ 494,528	\$ 553,236
Operating Grants and Contributions	250,474	233,632	0	0	250,474	233,632
Capital Grants	95,954	76,404	46,981	89,600	142,935	166,004
General Revenues						
Property Taxes	153,528	145,574	0	0	153,528	145,574
State Shared Revenue	112,340	113,603	0	0	112,340	113,603
Investment Earnings	31,585	18,010	28,711	24,497	60,296	42,507
Other	13,204	12,179	0	0	13,204	12,179
Total Revenues	658,569	601,816	568,736	664,919	1,227,305	1,266,735
<u>Expenses</u>						
General Government, Administrative	112,274	89,688	0	0	112,274	89,688
Public Safety	116,560	112,940	0	0	116,560	112,940
Public Works	153,611	102,289	0	0	153,611	102,289
Culture and Recreation	49,431	38,900	0	0	49,431	38,900
Other Functions	127,846	128,027	0	0	127,846	128,027
Interest on Long-Term Debt	4,384	5,052	0	0	4,384	5,052
Water and Sewer	0	0	948,846	919,304	948,846	919,304
Total Expenses	564,106	476,896	948,846	919,304	1,512,952	1,396,200
Change in Net Assets	94,463	124,920	(380,110)	(254,385)	(285,647)	(129,465)
Beginning Net Assets	1,699,482	1,566,156	12,443,454	12,706,245	14,142,936	14,272,401
Ending Net Assets	\$ 1,793,945	\$ 1,691,076	\$ 12,063,344	\$ 12,451,860	\$ 13,857,289	\$ 14,142,936

Governmental Activities

The most significant portion of the revenue for all governmental activities of the Village of Baldwin comes from Operating Grants and Contributions. This figure includes Michigan Transportation Fund (Act 51) money for the Major and Local Streets as well as private contributions.

VILLAGE OF BALDWIN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED FEBRUARY 28, 2007

Property Taxes are a significant portion of the revenue for all governmental activities of the Village. The Village's operating millage in 2007 was 14.3665 mills. The Village's charter allows the Village to levy up to 15.0 mills for operations. Due to State statutes and the Headlee Rollback provisions, the Village is currently at its maximum tax levy, and is unable to increase the millage without the approval of the voters.

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation of portions of the State sales tax. In 2007, the amount of state shared revenue received by the Village once again trended downward, representing declining sales tax collections and discretionary reductions by the State in revenue sharing payments.

The Village's governmental activities expenses of \$564,106 are dominated by the Public Works expenses of \$153,611 which are primarily expenses related to infrastructure and general village maintenance and improvements and Other Functions expenses of \$127,846 which are primarily fringe benefits for the employees of the Village. The Village spent \$116,560 on Public Safety and \$112,274 on General Government expenses.

Business-Type Activities

The Village's business-type activities accounted for a decrease of \$380,110 in the Village's Net Assets, leaving the Village's net assets from business-type activities for the fiscal year ended February 28, 2007 at \$12,063,344.

The Business-type activities of the Village include the Water Fund and Sewer Fund, which provide water and sewer utility services to Village residents as well as commercial customers.

The Water and Sewer activity represents the business-type activities of the Village. Water activity accounts for \$331,810 of the total business-type activities expenses of \$948,846 and \$223,537 of the total revenues of the business-type activities of \$568,736. Sewer activity accounts for \$617,036 of the total business-type expenses and \$345,199 of the total revenues of the business-type activities.

Financial Analysis of the Government's Funds

Governmental Activities At the completion of the Village's fiscal year ended February 28, 2007, its governmental funds reported fund balances of \$647,357. Of this amount, \$329,782 is unreserved in the General Fund. An additional \$242,561 of unreserved and undesignated fund balance exists in the Village's Special Revenue funds and the Capital Projects Fund. The remaining \$75,014 of fund balance of the governmental funds is reserved for specific purposes and is therefore not available for new appropriation.

General Fund – The General Fund is the main operating fund of the Village. The General Fund decreased its fund balance in this fiscal year by \$95,388, bringing the balance to \$341,360.

VILLAGE OF BALDWIN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED FEBRUARY 28, 2007

Property tax revenues in the General Fund decreased \$10,552 in 2007. State shared revenue decreased by \$905 from the amount received in the previous fiscal year, which resulted from State actions in response to the economic slowdown experienced throughout the State.

Major Street Fund – The Major Street Fund completed \$28,459 in street construction and improvements in this fiscal year. The fund balance of the Major Street Fund ended the year at \$68,312. This was an increase of \$20,279 from the previous year. The Village used funds accumulated from previous years in order to complete this year's projects.

Local Street Fund – The Local Street Fund saw a decrease in expenditures of \$26,790 in this fiscal year. State grant funds provided \$40,293 of Act 51 revenue and the Telecommunications Right of Way Maintenance provided an additional \$4,764 of revenue. The fund balance of this fund is at \$25,537.

Fire Fund – The Fire Fund saw a decrease in fund balance of \$745 during the fiscal year. The fund balance of this fund is \$162,962.

Proprietary Funds The Village's proprietary funds provide virtually the same information as the government-wide statements; however more detail may be found in the fund financial statements.

Water Fund – The Water Fund ended this fiscal year with \$27,359 in unrestricted net assets. Charges for services yielded an overall increase in operating revenues of \$2,177 for the fiscal year. This fund experienced an increase in interest income of \$585, and received \$46,981 from a Rural Development Grant as part of the completion of a water improvement project for the Village. The net assets of this fund decreased by \$108,273 in 2007.

Sewer Fund – The Sewer Fund ended this fiscal year with \$188,607 in unrestricted net assets. Charges for services yielded an overall decrease in operating revenues of \$57,955 primarily due to decrease in sewer billings from less treatment of waste during the year. This fund experienced an increase in interest income of \$3,629 from the previous fiscal year. The net assets of this fund decreased by \$271,837 in 2007. This fund remains in sound fiscal condition moving forward.

Capital Asset and Debt Administration

Capital Assets. The Village's investment in capital assets for the governmental and business-type activities as of February 28, 2007 amounted to \$15,627,808 (net of accumulated depreciation). Capital assets of the Village include any items purchased that cost in excess of \$1,000 and have an expected useful life of over one year. The Village has invested in a broad range of capital assets, as detailed below:

VILLAGE OF BALDWIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED FEBRUARY 28, 2007

Village of Baldwin
Capital Assets as of February 28, 2007

	Governmental Activities	Business-Type Activities	Total Primary Government
Land	\$ 144,505	\$ 49,080	\$ 193,585
Buildings	133,564	0	133,564
Land Improvements	125,904	0	125,904
Machinery and Equipment	968,469	69,317	1,037,786
Infrastructure	280,027	0	280,027
Water and Sewer Systems	0	17,826,131	17,826,131
Subtotal	1,652,469	17,944,528	19,596,997
Accumulated Depreciation	(754,980)	(3,214,209)	(3,969,189)
Net Capital Assets	\$ 897,489	\$ 14,730,319	\$ 15,627,808

Major capital asset events during fiscal year included the following:

- Street construction of \$116,515.
- Machinery and Equipment upgrades of \$51,024.
- Water and Sewer system improvements placed into service of \$100,491.

Additional information regarding the Village's capital assets can be found in the Notes to Financial Statements section on pages 26 and 27.

VILLAGE OF BALDWIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED FEBRUARY 28, 2007

***Village of Baldwin Outstanding Debt
Contracts and Revenue Bonds
as of February 28, 2007***

	Governmental Activities	Business-Type Activities	Total Primary Government
Contracts and Notes	\$ 65,379	\$ 0	\$ 65,379
Revenue Bonds	0	3,182,000	3,182,000
Total	\$ 65,379	\$ 3,182,000	\$ 3,247,379

The Village issued no new bonded debt in FY2007 and the total debt decreased from \$3,305,841 at February 28, 2006, to \$3,247,379 at February 28, 2007, a decrease of \$58,462. More information on the Village's long-term debt is available in the Notes to Financial Statements section of this document, on pages 29-33.

Contacting the Village's Finance Department

This financial report is designed to provide the wide variety of users of this document with a general overview of the Village's finances and demonstrate the Village's accountability for the money entrusted to it. If you have any questions regarding this report or need additional financial information, please direct your requests to the Village of Baldwin, P.O. Box 339, Baldwin, Michigan 49304, or call us at (231) 745-3587.

VILLAGE OF BALDWIN, MICHIGAN

STATEMENT OF NET ASSETS

FEBRUARY 28, 2007

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS	
<u>ASSETS</u>				
Cash	\$ 974,006	\$ 848,331	\$ 1,822,337	\$ 22,964
Receivables				
Taxes	42,136	0	42,136	184,874
Accounts	0	32,850	32,850	0
External Parties (Fiduciary Funds)	11,407	11,352	22,759	0
Internal Balances	89,954	(89,954)	0	0
Due from Other Governments	128,917	0	128,917	0
Due from Component Unit	3,728	0	3,728	0
Prepaid Expenses	30,393	12,338	42,731	0
Total Current Assets	1,280,541	814,917	2,095,458	207,838
<u>CAPITAL ASSETS</u>				
Land	144,505	49,080	193,585	0
Buildings	133,564	0	133,564	0
Land Improvements	125,904	0	125,904	1,584,922
Machinery and Equipment	968,469	69,317	1,037,786	0
Infrastructure	280,027	0	280,027	0
Improvements Other Than Buildings	0	17,826,131	17,826,131	0
	1,652,469	17,944,528	19,596,997	1,584,922
Less Accumulated Depreciation	754,980	3,214,209	3,969,189	132,115
Net Capital Assets	897,489	14,730,319	15,627,808	1,452,807
<u>OTHER ASSETS</u>				
Deferred Charge - Bond Issuance Costs	0	26,755	26,755	0
TOTAL ASSETS	\$ 2,178,030	\$ 15,571,991	\$ 17,750,021	\$ 1,660,645

The accompanying notes are an integral part of the financial statements.

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS	COMPONENT UNIT
<u>LIABILITIES</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	\$ 86,506	\$ 54	\$ 86,560	\$ 0
Accrued Expenses	3,128	0	3,128	0
Due to Primary Government	0	0	0	3,728
Internal Balances	41,257	(41,257)	0	0
Accrued Interest	1,827	19,400	21,227	17,775
Deferred Revenue	185,988	0	185,988	0
Current Portion of Long-Term Debt	14,141	46,500	60,641	40,000
Total Current Liabilities	332,847	24,697	357,544	61,503
<u>LONG-TERM LIABILITIES</u>				
Deferred Revenue	0	348,450	348,450	0
Bonds Payable	0	3,135,500	3,135,500	785,000
Notes Payable	51,238	0	51,238	0
Total Long-Term Liabilities	51,238	3,483,950	3,535,188	785,000
TOTAL LIABILITIES	384,085	3,508,647	3,892,732	846,503
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	832,110	11,507,062	12,339,172	627,807
Restricted for Debt Service	0	340,316	340,316	2,566
Unrestricted	961,835	215,966	1,177,801	183,769
TOTAL NET ASSETS	\$ 1,793,945	\$ 12,063,344	\$ 13,857,289	\$ 814,142

The accompanying notes are an integral part of the financial statements.

VILLAGE OF BALDWIN, MICHIGAN

STATEMENT OF ACTIVITIES
YEAR ENDED FEBRUARY 28, 2007

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT			COMPONENT UNIT
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
<u>PRIMARY GOVERNMENT</u>								
<u>GOVERNMENTAL ACTIVITIES</u>								
General Government, Administrative	\$ 112,274	\$ 0	\$ 0	\$ 0	\$ (112,274)	\$ 0	\$ (112,274)	\$ 0
Public Safety	116,560	1,484	121,510	2,725	9,159	0	9,159	0
Public Works	153,611	0	110,023	93,229	49,641	0	49,641	0
Culture and Recreation	49,431	0	18,941	0	(30,490)	0	(30,490)	0
Other Functions	127,846	0	0	0	(127,846)	0	(127,846)	0
Interest on Long-Term Debt	4,384	0	0	0	(4,384)	0	(4,384)	0
Total Governmental Activities	564,106	1,484	250,474	95,954	(216,194)	0	(216,194)	0
<u>BUSINESS-TYPE ACTIVITIES</u>								
Water and Sewer Systems	948,846	493,044	0	46,981	0	(408,821)	(408,821)	0
TOTAL PRIMARY GOVERNMENT	1,512,952	494,528	250,474	142,935	(216,194)	(408,821)	(625,015)	0
<u>COMPONENT UNIT</u>								
Downtown Development Authority	\$ 95,496	\$ 0	\$ 0	\$ 0	0	0	0	(95,496)
<u>GENERAL REVENUES</u>								
Property Taxes					153,528	0	153,528	197,685
State Shared Revenue					112,340	0	112,340	0
Investment Earnings					31,585	28,711	60,296	2,522
Other					13,204	0	13,204	0
Total General Revenues					310,657	28,711	339,368	200,207
Change in Net Assets					94,463	(380,110)	(285,647)	104,711
NET ASSETS - Beginning of Year					1,699,482	12,443,454	14,142,936	709,431
NET ASSETS - End of Year					\$ 1,793,945	\$ 12,063,344	\$ 13,857,289	\$ 814,142

The accompanying notes are an integral part of the financial statements.

VILLAGE OF BALDWIN, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

FEBRUARY 28, 2007

	GENERAL	MAJOR STREET	LOCAL STREET	FIRE FUND	1990 HOUSING REHAB	TOWNE CENTRAL CAPITAL PROJECT	TOTALS
<u>ASSETS</u>							
Cash	\$ 353,692	\$250,106	\$ 28,227	\$ 158,067	\$ 49,186	\$ 0	\$ 839,278
Receivables							
Taxes	42,136	0	0	0	0	0	42,136
Due from Other Funds	43,951	946	2,252	0	0	41,257	88,406
Due from Other Governments	18,045	12,579	6,251	92,042	0	0	128,917
Due from Component Unit	3,728	0	0	0	0	0	3,728
Prepaid Expenses	11,578	92	129	14,029	0	0	25,828
TOTAL ASSETS	<u>\$ 473,130</u>	<u>\$263,723</u>	<u>\$ 36,859</u>	<u>\$ 264,138</u>	<u>\$ 49,186</u>	<u>\$ 41,257</u>	<u>\$1,128,293</u>
<u>LIABILITIES AND FUND BALANCES</u>							
<u>LIABILITIES</u>							
Accounts Payable	\$ 86,506	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 86,506
Accrued Expenses	3,128	0	0	0	0	0	3,128
Due to Other Funds	0	9,423	11,322	14,287	0	41,257	76,289
Deferred Revenue	42,136	185,988	0	86,889	0	0	315,013
Total Liabilities	<u>131,770</u>	<u>195,411</u>	<u>11,322</u>	<u>101,176</u>	<u>0</u>	<u>41,257</u>	<u>480,936</u>
<u>FUND BALANCES</u>							
Reserved for:							
Community Development	0	0	0	0	49,186	0	49,186
Prepaid Expenses	11,578	92	129	14,029	0	0	25,828
Unreserved, Undesignated Reported In:							
General Fund	329,782	0	0	0	0	0	329,782
Special Revenue Funds	0	68,220	25,408	148,933	0	0	242,561
Total Fund Balance	<u>341,360</u>	<u>68,312</u>	<u>25,537</u>	<u>162,962</u>	<u>49,186</u>	<u>0</u>	<u>647,357</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 473,130</u>	<u>\$263,723</u>	<u>\$ 36,859</u>	<u>\$ 264,138</u>	<u>\$ 49,186</u>	<u>\$ 41,257</u>	<u>\$1,128,293</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF BALDWIN, MICHIGAN
GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
FEBRUARY 28, 2007

Total Fund Balances for Governmental Funds	\$	647,357
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Amounts Reported for Governmental Activities in the
Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the funds.

Land	\$	144,505	
Buildings		133,564	
Land Improvements		125,904	
Machinery and Equipment		625,205	
Infrastructure		280,027	
Accumulated Depreciation		<u>(534,883)</u>	774,322

Internal service funds are used by management to charge costs of certain activities, such as insurance and data processing, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.		310,447
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Balance of receivables at February 28, 2007, expected to be collected after May 1, 2007		
Personal Property Taxes Receivable	42,136	
Fire Contracts Receivable	<u>86,889</u>	129,025

Accrued interest is not included as a liability in governmental funds, it is recorded when paid		(1,827)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Notes Payable		<u>(65,379)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u><u>1,793,945</u></u>
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The accompanying notes are an integral part of the financial statements.

VILLAGE OF BALDWIN, MICHIGAN
GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED FEBRUARY 28, 2007

	GENERAL	MAJOR STREET	LOCAL STREET	FIRE	1990 HOUSING REHAB	TOWNE CENTRAL CAPITAL PROJECT	TOTALS
<u>REVENUES</u>							
Taxes	\$ 144,851	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 144,851
Licenses and Permits	749	0	0	0	0	0	749
State Grants	107,576	75,549	45,057	2,725	0	0	230,907
Federal Grants	0	0	0	0	0	87,410	87,410
Charges for Services	735	0	0	81,721	0	0	82,456
Interest and Rents	15,748	8,150	578	5,144	1,965	508	32,093
Other Revenue	30,625	0	0	1,012	0	0	31,637
Total Revenues	300,284	83,699	45,635	90,602	1,965	87,918	610,103
<u>EXPENDITURES</u>							
Legislative	2,905	0	0	0	0	0	2,905
General Government	127,273	0	0	0	1,200	0	128,473
Public Safety	5,055	0	0	72,612	0	0	77,667
Public Works	84,685	63,420	41,562	0	0	129,313	318,980
Culture and Recreation	47,908	0	0	0	0	0	47,908
Other Functions	127,846	0	0	0	0	0	127,846
Debt Service	0	0	0	18,735	0	0	18,735
Total Expenditures	395,672	63,420	41,562	91,347	1,200	129,313	722,514

The accompanying notes are an integral part of the financial statements.

	GENERAL	MAJOR STREET	LOCAL STREET	FIRE	1990 HOUSING REHAB	TOWNE CENTRAL CAPITAL PROJECT	TOTALS
Excess (Deficiency) of Revenues Over Expenditures	(95,388)	20,279	4,073	(745)	765	(41,395)	(112,411)
<u>OTHER FINANCING SOURCES (USES)</u>							
Transfers In	0	0	0	0	0	41,257	41,257
Net Change in Fund Balance	(95,388)	20,279	4,073	(745)	765	(138)	(71,154)
<u>FUND BALANCES</u> - Beginning of Year	436,748	48,033	21,464	163,707	48,421	138	718,511
<u>FUND BALANCES</u> - End of Year	\$ 341,360	\$ 68,312	\$ 25,537	\$ 162,962	\$ 49,186	\$ 0	\$ 647,357

The accompanying notes are an integral part of the financial statements.

VILLAGE OF BALDWIN, MICHIGAN
GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED FEBRUARY 28, 2007

Net change in Fund Balance - Total Governmental Funds	\$ (71,154)
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlay as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation in the statement of activities.	
Depreciation Expense	(51,382)
Capital Outlay	135,232
Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities).	13,962
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in personal property tax revenue deferred using the modified accrual method.	8,677
Change in fire contract revenue deferred using the modified accrual method.	39,789
Accrued interest payable is recorded in the statement of activities when incurred; it is not recorded in the governmental funds until it is paid	
Accrued Interest Payable - Beginning of Year	2,216
Accrued Interest Payable - End of Year	(1,827)
Internal service funds are used by management to charge costs of the motor pool, to individual funds. The net revenue (expense) of the internal service fund is reported within the governmental activities.	<u>18,950</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 94,463</u></u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF BALDWIN, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
FEBRUARY 28, 2007

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			INTERNAL
	MAJOR FUNDS			SERVICE
	WATER	SEWER	TOTAL	FUND
<hr/>				
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash	\$ 219,354	\$ 628,977	\$ 848,331	\$ 134,728
Receivables				
Accounts	10,642	22,208	32,850	0
Due from Other Funds	3,754	48,855	52,609	51,835
Prepaid Expenses	3,086	9,252	12,338	4,565
	<hr/>			
Total Current Assets	236,836	709,292	946,128	191,128
	<hr/>			
<u>NONCURRENT ASSETS</u>				
<u>CAPITAL ASSETS</u>				
Land	13,813	35,267	49,080	0
Water and Sewer Systems	6,727,922	11,098,209	17,826,131	0
Machinery and Equipment	36,215	33,102	69,317	343,264
	6,777,950	11,166,578	17,944,528	343,264
Less Accumulated Depreciation	1,346,748	1,867,461	3,214,209	220,097
Net Capital Assets	5,431,202	9,299,117	14,730,319	123,167
	<hr/>			
<u>OTHER ASSETS</u>				
Deferred Charge - Bond Issuance Costs	0	26,755	26,755	0
	<hr/>			
TOTAL ASSETS	\$ 5,668,038	\$ 10,035,164	\$ 15,703,202	\$ 314,295

The accompanying notes are an integral part of the financial statements.

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			INTERNAL
	MAJOR FUNDS			SERVICE
	WATER	SEWER	TOTAL	FUND
<u>LIABILITIES</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 54	\$ 54	\$ 0
Due to Other Funds	77,009	12,945	89,954	3,848
Accrued Interest Payable	19,400	0	19,400	0
Current Portion of Long-Term Debt	22,000	24,500	46,500	0
Total Current Liabilities	118,409	37,499	155,908	3,848
<u>LONG-TERM LIABILITIES</u>				
Deferred Revenue	0	348,450	348,450	0
Revenue Bonds Payable (Net of Current Portion)	1,456,000	1,679,500	3,135,500	0
Total Long-Term Liabilities	1,456,000	2,027,950	3,483,950	0
TOTAL LIABILITIES	1,574,409	2,065,449	3,639,858	3,848
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	3,911,945	7,595,117	11,507,062	123,167
Restricted for Debt Service	154,325	185,991	340,316	0
Unrestricted	27,359	188,607	215,966	187,280
TOTAL NET ASSETS	\$ 4,093,629	\$ 7,969,715	\$ 12,063,344	\$ 310,447

The accompanying notes are an integral part of the financial statements.

VILLAGE OF BALDWIN, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
YEAR ENDED FEBRUARY 28, 2007

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE</u>			<u>INTERNAL</u>
	<u>MAJOR FUNDS</u>			<u>SERVICE</u>
	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>	<u>FUND</u>
<u>OPERATING REVENUES</u>				
Operating Revenues	\$ 170,785	\$ 320,809	\$ 491,594	\$ 62,586
<u>OPERATING EXPENSES</u>				
Wages and Fringe Benefits	51,333	106,933	158,266	0
Office Supplies	23	820	843	0
Postage	456	632	1,088	0
Professional Services	2,500	1,900	4,400	1,075
Contracted Services-Operations Assistant	0	7,423	7,423	0
Lab Fee - Samples	14,975	3,650	18,625	0
Sludge Removal	0	18,406	18,406	0
Operating Supplies	12,124	23,791	35,915	1,085
Gasoline and Oil	0	0	0	14,866
Insurance	4,191	11,227	15,418	5,137
Utilities	24,514	86,431	110,945	3,618
Repairs and Maintenance	1,103	24,220	25,323	16,854
Equipment Rental	5,366	4,412	9,778	0
Alarm System Rent and Telephone	1,200	5,199	6,399	0
Education and Training	2,084	836	2,920	0
Depreciation	146,116	239,832	385,948	21,244
Dues and Fees	393	33	426	0
Miscellaneous	183	0	183	103
Total Operating Expenses	266,561	535,745	802,306	63,982
Operating Income (Loss)	(95,776)	(214,936)	(310,712)	(1,396)
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Interest Income	5,521	23,190	28,711	5,661
Interest Expense	(65,249)	(80,406)	(145,655)	0
Amortization	0	(885)	(885)	0
Grants	46,981	0	46,981	14,685
Connection Fees	250	1,200	1,450	0
Total Nonoperating Revenues (Expenses)	(12,497)	(56,901)	(69,398)	20,346
Change in Net Assets	(108,273)	(271,837)	(380,110)	18,950
<u>TOTAL NET ASSETS</u> - Beginning of Year	4,201,902	8,241,552	12,443,454	291,497
<u>TOTAL NET ASSETS</u> -End of Year	\$ 4,093,629	\$ 7,969,715	\$ 12,063,344	\$ 310,447

The accompanying notes are an integral part of the financial statements.

VILLAGE OF BALDWIN, MICHIGAN
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED FEBRUARY 28, 2007

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE</u>			<u>INTERNAL</u>
	<u>MAJOR FUNDS</u>			<u>SERVICE</u>
	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>	<u>FUND</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>				
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 171,914	\$ 306,827	\$ 478,741	\$ 0
Cash Received from Interfund Services Provided	0	0	0	10,751
Cash Payments to Suppliers for Goods and Services	(66,081)	(291,374)	(357,455)	(40,050)
Net Cash Provided by (Used for) Operating Activities	105,833	15,453	121,286	(29,299)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(100,491)	0	(100,491)	(32,307)
Grant Proceeds	70,300		70,300	14,685
User Contributions	250	1,200	1,450	0
Principal Paid on Bonds	(21,000)	(23,500)	(44,500)	0
Interest Paid on Bonds	(65,449)	(80,406)	(145,855)	0
Net Cash Provided by (Used for) Capital and Related Financing Activities	(116,390)	(102,706)	(219,096)	(17,622)
Cash Flows from Investing Activities				
Interest Income	5,521	23,190	28,711	5,661
Net Increase (Decrease) in Cash and Cash Equivalents	(5,036)	(64,063)	(69,099)	(41,260)
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	224,390	693,040	1,015,783	175,988
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	\$ 219,354	\$ 628,977	\$ 946,684	\$ 134,728

The accompanying notes are an integral part of the financial statements.

<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE</u>			INTERNAL
MAJOR FUNDS			SERVICE
WATER	SEWER	TOTAL	FUND

RECONCILIATION OF OPERATING INCOME
TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating Income (Loss)	\$	(95,776)	\$	(214,936)	\$	(310,712)	\$	(1,396)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:								
Depreciation and Amortization		146,116		239,832		385,948		21,244
(Increase) Decrease in Current Assets								
Accounts Receivable		1,129		2,419		3,548		0
Prepaid Expenses		(98)		(272)		(370)		(86)
Due from Other Funds		(1,177)		(2,758)		(3,935)		(51,835)
Increase (Decrease) in Current Liabilities								
Accounts Payable		(19,674)		(1,533)		(21,207)		(1,074)
Due to Other Funds		75,313		9,102		84,415		3,848
Deferred Revenue		0		(16,401)		(16,401)		0
Total Adjustments		201,609		230,389		431,998		(27,903)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	105,833	\$	15,453	\$	121,286	\$	(29,299)

The accompanying notes are an integral part of the financial statements.

VILLAGE OF BALDWIN, MICHIGAN
FIDUCIARY FUND

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FEBRUARY 28, 2007

ASSETS

Cash	\$ 21,322
Payroll Withholdings Overpaid	<u>1,909</u>
Total Assets	\$ <u><u>23,231</u></u>

LIABILITIES

Accrued Payroll Taxes	\$ 472
Due to Other Funds	<u>22,759</u>
Total Liabilities	\$ <u><u>23,231</u></u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF BALDWIN, MICHIGAN
COMPONENT UNIT

STATEMENT OF NET ASSETS
FEBRUARY 28, 2007

	<u>DOWNTOWN DEVELOPMENT AUTHORITY</u>
<u>ASSETS</u>	
Cash	\$ 22,964
Receivables	
Taxes	<u>184,874</u>
Total Current Assets	<u>207,838</u>
<u>CAPITAL ASSETS</u>	
Land Improvements	1,584,922
Less Accumulated Depreciation	<u>(132,115)</u>
Net Capital Assets	<u>1,452,807</u>
TOTAL ASSETS	<u>\$ 1,660,645</u>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Due to Primary Government	\$ 3,728
Accrued Interest	17,775
Current Portion of Long-Term Debt	<u>40,000</u>
Total Current Liabilities	<u>61,503</u>
<u>LONG-TERM LIABILITIES</u>	
General Obligation Bonds	825,000
Less: Current Portion	<u>(40,000)</u>
Total Long-Term Liabilities	<u>785,000</u>
TOTAL LIABILITIES	<u>846,503</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	627,807
Restricted for Debt Service	2,566
Unrestricted	<u>183,769</u>
TOTAL NET ASSETS	<u><u>\$ 814,142</u></u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF BALDWIN, MICHIGAN
COMPONENT UNIT

STATEMENT OF ACTIVITIES
YEAR ENDED FEBRUARY 28, 2007

PROGRAM REVENUES

	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	TOTALS
Downtown Development Authority	\$ 95,496	\$ 0	\$ 0	(95,496)

GENERAL REVENUES

Property Taxes	197,685
Unrestricted Investment Earnings	2,522
Total General Revenues	200,207
Change in Net Assets	104,711
NET ASSETS - Beginning of Year	709,431
NET ASSETS - End of Year	\$ 814,142

The accompanying notes are an integral part of the financial statements.

VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Village of Baldwin, Michigan, is a general law village incorporated under the General Village Act of 1895. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the primary government.

BLENDED COMPONENT UNITS

The Village has no blended component units.

DISCRETELY PRESENTED COMPONENT UNITS

Downtown Development Authority (DDA) – The DDA was established pursuant to the provisions of Act No. 197 of the Public Acts of Michigan 1975. The members of the governing board of the Downtown Development Authority are appointed by the Village Council. The Authority's operational and capital budgets must be approved by the Village Council.

Financial statements of the individual component units are included as supplemental information in the annual financial report of the Village of Baldwin, Michigan. The component unit does not issue separate financial report.

B. Government-wide and Fund Financial Statements

During fiscal year 2005, the Village adopted GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statements No. 37 and No. 38, and applied those standards on a retroactive basis. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

Invested in Capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, and contributors, or imposed by law through constitutional provisions or enabling legislation.

VILLAGE OF BALDWIN, MICHIGAN

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Unrestricted net assets consist of net assets which do not meet the definition of the two preceding categories.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially responsible.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is more on the sustainability of the Village as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements are similar to the financial statements presented in the previous financial reporting model.

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2007

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

The accounts of the Village are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The Village of Baldwin reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Major Street Fund* is used to account for the financial activity of the streets designated by the State of Michigan as major thoroughfares.

The *Local Street Fund* receives all local street money paid to the Village by the State, accounts for all construction, maintenance, traffic services, and snow and ice control on all streets classified as local.

The *Fire Fund* accounts for activities related to the Village fire department activities.

The *1990 Housing Rehabilitation Fund* receives payments from previous MSHDA loan activities.

The *Towne Central Capital Project Fund* accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Fiduciary funds are accounted for using the accrual method of accounting. Fiduciary funds account for assets held by the Village in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the Village under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The Village of Baldwin reports the following major proprietary funds:

The *Water Fund and Sewer Fund* record financial activity of the water system which provides water to customers and the operations of the Village's sanitary sewer system.

Additionally the Village of Baldwin reports the following fund types:

Internal Service Funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2007

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved.

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Funds and of the Village's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and for internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use the restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Equity

1. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments - The Village's investment policy is in compliance with state law and authorizes the Village to invest in passbook savings accounts, negotiable and nonnegotiable certificates of deposit, repurchase agreements backed by the United States government or federal agency obligations, United States Treasury bills and bonds, bankers acceptances, federal agency instruments, money market funds and commercial paper. Investments in commercial paper must be rated in one of the two highest rating categories by Standard and Poor's or Moody's and are limited to fifty percent of a funds portfolio in accordance with state statutes.

VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

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2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. Village taxes are levied and due July 1, and become delinquent after September 15. Village property tax revenues are recognized when they become both measurable and available for use to finance Village operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

The 2006 taxable valuation of the Village of Baldwin totaled \$15,553,238, on which ad valorem taxes levied consisted of 14.3665 mills for the Village of Baldwin operating purposes. The Downtown Development Authority captures and retains \$6,021,376 of this taxable value from the Village. The Downtown Development Authority also captures taxes from Webber Township, Pleasant Plains Township and Lake County.

3. Inventories and Prepaid Items

The Village does not maintain any material inventories.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Certain resources of the Water and Sewer Funds which are set aside for repayment of revenue bonds, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "bond redemption" and the "bond reserve" account is used to report resources set aside to make current debt service payments and to make up potential future deficiencies in the funds available for debt service. The "bond replacement" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2007

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the primary government, as well as the component unit are depreciated using the straight line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	50
Infrastructure	50
Land Improvements	20-50
Machinery and Equipment	5-10
Vehicles	5-10

The Village qualifies as a phase 3 governmental unit in regards to the implementation of GASB 34. Phase 3 governmental units are not required to retroactively capitalize infrastructure. As a result, the Village began to capitalize and depreciate infrastructure beginning March 1, 2004, in accordance with the Village's capitalization policy.

6. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused sick pay benefits. No liability is reported for nonvesting, unpaid accumulated sick leave. Accumulated amounts are immaterial and do not exceed normal annual amounts.

7. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

VILLAGE OF BALDWIN, MICHIGAN

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FEBRUARY 28, 2007

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. *Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. *Use of Estimates*

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

1. Prior to March 1, the Village treasurer submits to the Village Council a proposed operating budget for all governmental funds for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. The Village Council holds a public hearing and adopts a resolution approving the budgets.
3. All transfers of budget amounts between functions within the General Fund and any revisions that alter the total expenditures of any fund must be approved by the Village Council. General Fund expenditures may not legally exceed budgeted appropriations at the major function level. Expenditures in all other governmental funds may not exceed appropriations at the total fund level.
4. Formal budgetary integration is employed as a management control device during the year for all governmental fund types.
5. Budgets for the General, Special Revenue, and Capital Project Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). All appropriations lapse at year end. Budgeted amounts are as originally adopted, or as amended by the Village Council from time to time throughout the year. The Village did not amend the budget during the current fiscal year.
6. Encumbrance accounting is not employed in governmental funds.

VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2007

B. Major funds with expenditures in excess of appropriations were as follows:

	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>
General Fund		
General Government	\$ 100,500	\$ 127,273
Culture and Recreation	44,150	47,908
Other Functions	120,250	127,846
Major Street Fund	50,450	63,420

No budget was adopted for the 1990 Housing Rehabilitation Fund or the Towne Central Capital Project Fund.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Investment rate risk. The Village will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the Village's cash requirement.

Foreign currency risk. The Village is not authorized to invest in investments, which have this type of risk.

Credit risk. The Village will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in Section 9 of the Village's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the Village will do business in accordance with Section 7 of the Village's investment policy.

Concentration of credit risk. The Village will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the Village's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of February 28, 2007, \$1,204,860 of the government's bank balance of \$1,976,723 was exposed to custodial credit risk because it was uninsured and uncollateralized. As of the same date the discretely presented component unit's had no exposure to custodial credit risk because all of the bank balance of \$23,164 was insured.

VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2007

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village's investments are categorized to give an indication of the level of risk assumed by the Village at year end. Category 1 includes investments that are insured or registered, or securities held by the Village or the Village's agent in the Village's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the Village's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the Village's name. At year end, the Village held no investments.

A reconciliation of cash and investments follows:

	PRIMARY GOVERNMENT	COMPONENT UNIT
Carrying amount of Deposits	\$ 1,843,659	\$ 22,964
Government-wide Statement of Net Assets		
Cash	\$ 1,822,337	\$ 22,964
Statement of Fiduciary Net Assets		
Cash	21,322	0
Total	\$ 1,843,659	\$ 22,964

B. Receivables

Receivables as of year end for the government's individual major funds in aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Major Streets	Local Streets	Fire	Towns Central	Water	Sewer	Total
Receivables								
Taxes	\$ 42,136	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 42,136
Accounts	0	0	0	0	0	10,642	22,208	32,850
Other Governments	18,045	12,579	6,251	92,042	0	0	0	128,917
Receivables	\$ 60,181	\$ 12,579	\$ 6,251	\$ 92,042	\$ 0	\$ 10,642	\$ 22,208	\$ 203,903

By ordinance, the Village can place substantially all of its delinquent receivables on the tax rolls as a lien against real property. As a result, its uncollectible accounts are virtually nil.

VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2007

C. Capital Assets

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 144,505	\$ 0	\$ 0	\$ 144,505
Capital assets, being depreciated				
Buildings	133,564	0	0	133,564
Land Improvements	125,904	0	0	125,904
Machinery and Equipment	606,488	18,717	0	625,205
Infrastructure	163,512	116,515	0	280,027
Total capital assets, being depreciated	1,029,468	135,232	0	1,164,700
Less accumulated depreciation for				
Buildings	(49,284)	(2,475)	0	(51,759)
Land Improvements	(59,737)	(3,475)	0	(63,212)
Machinery and Equipment	(372,352)	(42,162)	0	(414,514)
Infrastructure	(2,128)	(3,270)	0	(5,398)
Total accumulated depreciation	(483,501)	(51,382)	0	(534,883)
Total capital assets, being depreciated, net	545,967	83,850	0	629,817
Governmental activities capital assets, net	\$ 690,472	\$ 83,850	\$ 0	774,322
Internal Service Fund net capital assets				123,167
Net Capital Assets per Statement of Net Assets				\$ 897,489

VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2007

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities</u>				
Capital assets, not being depreciated				
Land	\$ 49,080	\$ 0	\$ 0	\$ 49,080
Capital assets, being depreciated				
Improvements Other Than Buildings	17,725,640	100,491	0	17,826,131
Machinery and Equipment	69,317	0	0	69,317
Total capital assets, being depreciated	17,794,957	100,491	0	17,895,448
Less accumulated depreciation for				
Improvements Other Than Buildings	(2,786,936)	(374,044)	0	(3,160,980)
Machinery and Equipment	(41,325)	(11,904)	0	(53,229)
Total accumulated depreciation	(2,828,261)	(385,948)	0	(3,214,209)
Total capital assets, being depreciated, net	14,966,696	(285,457)	0	14,681,239
Business-type activities capital assets, net	\$ 15,015,776	\$ (285,457)	\$ 0	\$ 14,730,319
<u>Governmental activities:</u>				
General Government			\$	2,827
Public Safety				40,351
Public Works				6,681
Culture and Recreation				1,523
Total depreciation expense - governmental activities			\$	51,382
<u>Business-type activities:</u>				
Water			\$	146,116
Sewer				239,832
Water and Sewer			\$	385,948

VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2007

Component Unit

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, being depreciated				
Land Improvements	\$ 1,584,922	\$ 0	\$ 0	\$ 1,584,922
Less accumulated depreciation	(100,260)	(31,855)	0	(132,115)
Governmental activities capital assets, net	\$ 1,484,662	\$ (31,855)	\$ 0	\$ 1,452,807
Depreciation Expense				
Public Works				\$ 31,855

D. Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances at February 28, 2007, were:

<u>FUND</u>	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 43,951	\$ 0
Special Revenue Funds		
Major Street Fund	946	9,423
Local Street Fund	2,252	11,322
Fire Fund	0	14,287
Capital Project Fund		
Towne Central Capital Project Fund	41,257	41,257
Enterprise Funds		
Water Fund	3,754	77,009
Sewer Fund	48,855	12,945
Internal Service Fund		
Equipment Fund	51,835	3,848
Fiduciary Fund		
Imprest Payroll Fund	0	22,759
	\$ 192,850	\$ 192,850

All remaining balances generally resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at February 28, 2007, are expected to be repaid within one year.

VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2007

Interfund Transfers as of February 28, 2007, were:

	TRANSFERS	
	IN	OUT
Primary Government		
Towne Central Capital Project Fund	\$ 41,257	\$ 0
Water Fund	0	41,257
	<u>\$ 41,257</u>	<u>\$ 41,257</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

F. Long-Term Debt

1. Primary Government

The following is a summary of debt transactions of the Village of Baldwin for the year ended February 28, 2007:

Governmental and Business Type Activities:

	REVENUE BONDS	INSTALLMENT PURCHASE AGREEMENT	TOTAL
Debt Payable at March 1, 2006	\$ 3,226,500	\$ 79,341	\$ 3,305,841
New Debt Incurred	0	0	0
Debt Retired	(44,500)	(13,962)	(58,462)
Debt Payable at February 28, 2007	<u>\$ 3,182,000</u>	<u>\$ 65,379</u>	<u>\$ 3,247,379</u>
Due within one year	<u>\$ 46,500</u>	<u>\$ 14,141</u>	<u>\$ 60,641</u>

VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2007

Debt payable at February 28, 2007 is comprised of the following individual issues:

Revenue Bonds:

\$455,000 Water Supply System Revenue Bonds due in annual installments of \$14,000 to \$27,000 plus semi-annual interest payments at 5% through 1/19/2019.	\$ 238,000
\$1,254,000 Water Supply System Revenue Bonds due in annual installments of \$7,000 to \$73,000 plus semi-annual interest payments at 4.25% through 5/1/2043.	1,240,000
\$855,000 Sanitary Sanitary Sewer System Revenue Bonds due in annual installments of \$11,500 to \$48,000 plus semi-annual interest payments at 5% through 3/1/2036.	761,000
\$1,016,000 Sewer System Revenue Bonds due in annual installments of \$13,000 to \$54,000 plus semi-annual interest payments at 4.375% through 3/1/2039.	943,000

Installment Purchase Agreements:

Equipment Contract of \$139,274 to purchase a Fire Truck due in annual installments of \$18,735 including interest at 5.79% through 11/5/2010.	<u>65,379</u>
	\$ <u><u>3,247,379</u></u>

The annual requirements to amortize these debts outstanding as of February 28, 2007, including interest payments of \$2,954,649 are as follows:

VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2007

YEAR ENDING FEBRUARY 28,	REVENUE BONDS	INSTALLMENT PURCHASE AGREEMENT	TOTAL
2008			
PRINCIPAL	\$ 46,500	\$ 14,960	\$ 61,460
INTEREST	143,757	3,775	147,532
TOTAL	190,257	18,735	208,992
2009			
PRINCIPAL	49,500	15,826	65,326
INTEREST	141,566	2,909	144,475
TOTAL	191,066	18,735	209,801
2010			
PRINCIPAL	51,000	16,742	67,742
INTEREST	139,211	1,993	141,204
TOTAL	190,211	18,735	208,946
2011			
PRINCIPAL	54,000	17,851	71,851
INTEREST	136,807	1,023	137,830
TOTAL	190,807	18,874	209,681
2012			
PRINCIPAL	57,500	0	57,500
INTEREST	134,261	0	134,261
TOTAL	191,761	0	191,761
2013-2017			
PRINCIPAL	324,000	0	324,000
INTEREST	603,895	0	603,895
TOTAL	927,895	0	927,895
2018-2022			
PRINCIPAL	374,000	0	374,000
INTEREST	546,802	0	546,802
TOTAL	920,802	0	920,802
2023-2027			
PRINCIPAL	444,000	0	444,000
INTEREST	457,476	0	457,476
TOTAL	901,476	0	901,476

VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2007

2028-2032			
PRINCIPAL	561,500	0	561,500
INTEREST	346,872	0	346,872
TOTAL	908,372	0	908,372
2033-2037			
PRINCIPAL	659,000	0	659,000
INTEREST	206,636	0	206,636
TOTAL	865,636	0	865,636
2038-2042			
PRINCIPAL	417,000	0	417,000
INTEREST	78,444	0	78,444
TOTAL	495,444	0	495,444
2042-2043			
PRINCIPAL	144,000	0	144,000
INTEREST	9,222	0	9,222
TOTAL	153,222	0	153,222
GRAND TOTAL			
PRINCIPAL	3,182,000	65,379	3,247,379
INTEREST	2,944,949	9,700	2,954,649
TOTAL	\$ 6,126,949	\$ 75,079	\$ 6,202,028

Component Unit

The following is a summary of the long-term debt transactions of the Downtown Development Authority for the year ended February 28, 2007:

	<u>TOTALS</u>
Long-Term Debt Payable at March 1, 2007	\$ 825,000
Debt Retired	<u>40,000</u>
Long-Term Debt Payable at February 28, 2008	\$ <u>785,000</u>
Due within one year	\$ <u>40,000</u>

Long-term debt payable at February 28, 2007, is comprised of the following individual issue:

Tax Increment Bond

\$995,000 Downtown Development Authority Tax Increment Bonds due in annual installments of \$40,000 to \$85,000 plus semi-annual interest payments at 5.00% - 5.50% through October 1, 2019.

\$ 785,000

VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2007

The annual payments to amortize all debt outstanding as of February 28, 2007, including interest payments of \$334,568 are as follows:

<u>YEAR</u> <u>ENDING FEBRUARY 28,</u>	<u>REVENUE</u> <u>BOND</u>
2008	
PRINCIPAL	\$ 40,000
INTEREST	43,254
TOTAL	<u>83,254</u>
2009	
PRINCIPAL	50,000
INTEREST	41,054
TOTAL	<u>91,054</u>
2010	
PRINCIPAL	50,000
INTEREST	38,304
TOTAL	<u>88,304</u>
2011	
PRINCIPAL	50,000
INTEREST	35,554
TOTAL	<u>85,554</u>
2012	
PRINCIPAL	60,000
INTEREST	32,804
TOTAL	<u>92,804</u>
2013-2017	
PRINCIPAL	330,000
INTEREST	117,274
TOTAL	<u>447,274</u>
2018-2020	
PRINCIPAL	245,000
INTEREST	26,324
TOTAL	<u>271,324</u>
GRAND TOTAL	
PRINCIPAL	825,000
INTEREST	334,568
TOTAL	\$ <u><u>1,159,568</u></u>

VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2007

G. Fund Balance Reserves and Designations

In order to comply with generally accepted accounting principles and meet certain legal requirements, the Village has reserved fund balances/retained earnings in various funds. These reserves are detailed in the following schedule:

FUND BALANCE/NET ASSETS

Reserved	
General Fund	
Prepaid Expenses	\$ 11,578
Major Street Fund	
Prepaid Expenses	92
Local Street Fund	
Prepaid Expenses	129
Fire Fund	
Prepaid Expenses	14,029
1990 Housing Rehabilitation Fund	
Community Development	49,186
	<hr/>
TOTAL FUND BALANCE RESERVES	\$ 75,014
	<hr/> <hr/>

H. Component Unit Disclosures

The following presents the condensed financial statements for the discretely presented component unit.

Condensed Financial Statements - Discretely Presented Component Unit

Downtown Development Authority

Balance Sheet

February 28, 2007

Assets	
Current Assets	\$ 207,838
	<hr/> <hr/>
Liabilities	
Current Liabilities	\$ 165,582
	<hr/>
Fund Balance	
Reserved for Debt Service	2,566
Unreserved	39,690
	<hr/>
Total Fund Balances	42,256
	<hr/> <hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 207,838
	<hr/> <hr/>

VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2007

Condensed Financial Statements - Discretely Presented Component Unit
Downtown Development Authority
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended, February 28, 2007

Revenues	\$ 99,154
Expenditures	
General Government	17,226
Capital Outlay	501
Debt Retirement	86,818
Total Expenditures	104,545
Net Change in Fund Balance	(5,391)
FUND BALANCE - Beginning of Year	47,647
FUND BALANCE - End of Year	\$ 42,256

I. Amortization of Bond Issuance Costs

The Village incurred bond issuance costs in connection with Sewer revenue bonds of \$35,055. These costs have been capitalized and are amortized using the “interest” method, as prescribed in Accounting Principles Board Opinion Number 21, over the repayment period of the bonds. The unamortized balance at February 28, 2007 is \$26,755.

IV. OTHER INFORMATION

A. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters.

The Village participates in two distinct pools of municipalities within the State of Michigan for self-insuring property and casualty and worker’s disability compensation. The pools are considered public entity risk pools. The Village pays annual premiums to each pool for the respective insurance coverage. In the event a pool’s total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool’s policy year may be subject to special assessment to make up the deficiency. Each of the pools maintain reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The Village has not been informed to any special assessments being required for the current year or the three prior years.

VILLAGE OF BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2007

The Village continued to carry commercial insurance for other risks of loss, including employee health and accident insurance.

B. Retirement Benefits

The Village participates in a defined contribution plan administered by Nationwide Life Insurance Company. The employees can contribute up to 15 percent of their salaries and wages. The employer is required to match the contribution equal to the employee's salary reduction contribution up to a limit of 3 percent of the employee's compensation for the year.

For the fiscal year ended February 28, 2007, actual contributions by the Village were \$7,214.

At February 28, 2007, the Village had 8 participants in the defined contribution plan.

The Village also contributed an additional \$10,211 to the individual retirement accounts or simple accounts of 8 employees.

For the 2006-2007 year, covered compensation was \$240,454 and the total of all wages including noncovered wages was \$253,063.

C. Statement of Cash Flows

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

D. Single Audit Report

Current federal guidelines require entities with federal expenditures exceeding \$500,000 to have a "single audit" of federally funded programs. At February 28, 2007, the Village's expenditures for federally funded programs was less than \$500,000 and therefore, the Village is not required to have a "Single Audit" for the fiscal year ended February 28, 2007.

VILLAGE OF BALDWIN, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED FEBRUARY 28, 2007

	GENERAL FUND				MAJOR STREET FUND				LOCAL STREET FUND				FIRE FUND				1990 HOUSING REHABILITATION FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>Revenues</u>																				
Taxes	\$ 234,900	\$ 234,900	\$ 144,851	\$ (90,049)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	4,450	4,450	749	(3,701)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
State Grants	96,000	96,000	107,576	11,576	63,000	63,000	75,549	12,549	42,000	42,000	45,057	3,057	0	0	2,725	2,725	0	0	0	0
Charges for Services	300	300	735	435	0	0	0	0	0	0	0	0	110,000	110,000	81,721	(28,279)	0	0	0	0
Interest and Rents	2,500	2,500	15,748	13,248	150	150	8,150	8,000	100	100	578	478	250	250	5,144	4,894	0	0	1,965	1,965
Other Revenue	49,400	49,400	30,625	(18,775)	0	0	0	0	1,000	1,000	0	(1,000)	1,500	1,500	1,012	(488)	0	0	0	0
Total Revenues	387,550	387,550	300,284	(87,266)	63,150	63,150	83,699	20,549	43,100	43,100	45,635	2,535	111,750	111,750	90,602	(21,148)	0	0	1,965	1,965
<u>Expenditures</u>																				
Legislative	4,000	4,000	2,905	1,095	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General Government	100,500	100,500	127,273	(26,773)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,200	(1,200)
Public Safety	6,300	6,300	5,055	1,245	0	0	0	0	0	0	0	0	111,750	111,750	91,347	20,403	0	0	0	0
Public Works	112,350	112,350	84,685	27,665	50,450	50,450	63,420	(12,970)	62,100	62,100	41,562	20,538	0	0	0	0	0	0	0	0
Culture and Recreation	44,150	44,150	47,908	(3,758)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Functions	120,250	120,250	127,846	(7,596)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	387,550	387,550	395,672	(8,122)	50,450	50,450	63,420	(12,970)	62,100	62,100	41,562	20,538	111,750	111,750	91,347	20,403	0	0	1,200	(1,200)
Excess (Deficiency) of Revenues																				
Over Expenditures	0	0	(95,388)	(95,388)	12,700	12,700	20,279	7,579	(19,000)	(19,000)	4,073	23,073	0	0	(745)	(745)	0	0	765	765
<u>Other Financing Sources (Uses)</u>																				
Transfers In	0	0	0	0	4,500	4,500	0	(4,500)	17,000	17,000	0	(17,000)	0	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	(17,200)	(17,200)	0	17,200	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	(12,700)	(12,700)	0	12,700	17,000	17,000	0	(17,000)	0	0	0	0	0	0	0	0
Net Change in Fund Balance	0	0	(95,388)	(95,388)	0	0	20,279	20,279	(2,000)	(2,000)	4,073	6,073	0	0	(745)	(745)	0	0	765	765
FUND BALANCE - Beginning of Year	436,748	436,748	436,748	(54,809)	48,033	48,033	48,033	(9,239)	21,464	21,464	21,464	17,887	163,707	163,707	163,707	37,556	0	0	48,421	47,143
FUND BALANCE - End of Year	\$ 436,748	\$ 436,748	\$ 341,360	\$ (150,197)	\$ 48,033	\$ 48,033	\$ 68,312	\$ 11,040	\$ 19,464	\$ 19,464	\$ 25,537	\$ 23,960	\$ 163,707	\$ 163,707	\$ 162,962	\$ 36,811	\$ 0	\$ 0	\$ 49,186	\$ 47,908

VILLAGE OF BALDWIN, MICHIGAN

GENERAL FUND
COMPARATIVE BALANCE SHEET

	FEBRUARY 28 2007	FEBRUARY 28 2006
	<hr/>	
<u>ASSETS</u>		
Cash	\$ 353,692	\$ 350,637
Receivable		
Taxes	42,136	33,459
Accrued Interest	0	292
Due from Other Governments	18,045	29,824
Due from Other Funds		
Local Street Fund	456	0
Major Street Fund	328	331
Equipment Fund	3,848	0
Fire Fund	14,069	0
Water Fund	4,290	1,696
Sewer Fund	11,498	3,843
Payroll Fund	9,462	4,252
Due from Component Unit		
Downtown Development Authority	3,728	45,728
Prepaid Expenses	11,578	14,133
	<hr/>	
TOTAL ASSETS	\$ 473,130	\$ 484,195

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 86,506	\$ 2,868
Due to Other Funds		
Local Street Fund	0	4,393
Fire Fund	0	3,933
Accrued Wages	3,128	2,794
Deferred Revenue	42,136	33,459
	<hr/>	
Total Liabilities	131,770	47,447

FUND BALANCE

Reserved for:		
Prepaid Expenses	11,578	14,133
Unreserved		
Undesignated	329,782	422,615
	<hr/>	
Total Fund Balance	341,360	436,748
	<hr/>	
TOTAL LIABILITIES AND FUND BALANCE	\$ 473,130	\$ 484,195

VILLAGE OF BALDWIN, MICHIGAN

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 28, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED FEBRUARY 28, 2006

	2007		2006
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
Taxes	\$ 234,900	\$ 144,851	\$ 134,299
Licenses and Permits	4,450	749	1,594
State Grants	96,000	107,576	108,481
Charges for Services	300	735	820
Interest and Rents	2,500	15,748	12,285
Other Revenues	49,400	30,625	36,383
Total Revenues	<u>387,550</u>	<u>300,284</u>	<u>293,862</u>
<u>EXPENDITURES</u>			
Legislative	4,000	2,905	2,595
General Government	100,500	127,273	87,143
Public Safety	6,300	5,055	8,714
Public Works	112,350	84,685	69,753
Culture and Recreation	44,150	47,908	37,377
Other Functions	120,250	127,846	128,027
Total Expenditures	<u>387,550</u>	<u>395,672</u>	<u>333,609</u>
Net Change in Fund Balance	<u>0</u>	<u>(95,388)</u>	<u>(39,747)</u>
<u>FUND BALANCE - Beginning of Year</u>	<u>436,748</u>	<u>436,748</u>	<u>476,495</u>
<u>FUND BALANCE - End of Year</u>	<u>\$ 436,748</u>	<u>\$ 341,360</u>	<u>\$ 436,748</u>

VILLAGE OF BALDWIN, MICHIGAN

GENERAL FUND
COMPARATIVE ANALYSIS OF REVENUES

YEAR ENDED FEBRUARY 28,

	<u>2007</u>	<u>2006</u>
<u>TAXES</u>		
Current Property Tax Collections	\$ 100,611	\$ 101,305
Delinquent Property Tax Collections	29,320	17,825
Payments in Lieu of Taxes - Housing Commission	9,950	11,284
Penalties and Interest	2,816	2,107
Property Tax Administrative Fee	2,154	1,778
Total Taxes	<u>144,851</u>	<u>134,299</u>
<u>LICENSES AND PERMITS</u>		
Non-business Licenses	0	250
Land and Zoning Permits	749	1,344
Total Licenses and Permits	<u>749</u>	<u>1,594</u>
<u>STATE GRANTS</u>		
Sales and Use Tax	<u>107,576</u>	<u>108,481</u>
<u>CHARGES FOR SERVICES</u>		
Solid Waste Collection	<u>735</u>	<u>820</u>
<u>INTEREST AND RENTS</u>		
Interest	<u>15,748</u>	<u>12,285</u>
<u>OTHER REVENUE</u>		
Contributions from Private Sources	18,941	25,686
Refunds and Miscellaneous	11,684	10,697
Total Other Revenue	<u>30,625</u>	<u>36,383</u>
TOTAL REVENUES	<u>\$ 300,284</u>	<u>\$ 293,862</u>

VILLAGE OF BALDWIN, MICHIGAN

GENERAL FUND
COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED FEBRUARY 28,

	<u>2007</u>	<u>2006</u>
<u>LEGISLATIVE</u>		
Village Council		
Salaries and Wages	\$ 2,905	\$ 2,595
<u>GENERAL GOVERNMENT</u>		
Village President		
Salary	8,125	7,500
Education and Training	120	0
Miscellaneous	169	0
Total Village President	<u>8,414</u>	<u>7,500</u>
Attorney		
Legal Fees	<u>29,882</u>	<u>3,825</u>
Clerk		
Salaries and Wages	2,600	2,400
Office Supplies	793	517
Total Clerk	<u>3,393</u>	<u>2,917</u>
Treasurer		
Office Manager Salary	14,032	13,872
Office Supplies	0	13
Tax Abatements	2,781	2,837
Total Treasurer	<u>16,813</u>	<u>16,722</u>
General Village		
Utilities	2,280	2,240
Repairs and Maintenance	334	4,700
Office Supplies	3,175	1,178
Postage	957	1,386
Operating Supplies	809	589
Professional Services	32,320	38,230
Contracted Services	1,394	0
Telephone	2,220	1,744

VILLAGE OF BALDWIN, MICHIGAN

GENERAL FUND
COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED FEBRUARY 28,

	<u>2007</u>	<u>2006</u>
Printing and Publishing	1,617	1,442
Rentals	3,968	1,640
Education and Training	316	33
Dues and Fees	811	873
Miscellaneous	1,310	2,124
Capital Outlay	17,260	0
Total General Village	<u>68,771</u>	<u>56,179</u>
 Total General Government	 <u>127,273</u>	 <u>87,143</u>
 <u>PUBLIC SAFETY</u>		
Fire Protection		
Hydrant Rental	0	4,000
Salaries and Wages	1,750	1,750
Total Fire Protection	<u>1,750</u>	<u>5,750</u>
 Planning and Zoning Board		
Salaries and Wages	2,815	2,462
Office Supplies	194	157
Travel	296	44
Dues and Fees	0	301
Total Planning and Zoning	<u>3,305</u>	<u>2,964</u>
 Total Public Safety	 <u>5,055</u>	 <u>8,714</u>
 <u>PUBLIC WORKS</u>		
Department of Public Works		
Salaries	28,845	27,438
Equipment Rental	15,426	10,589
Operating Supplies	916	1,323
Contracted Services	28	240
Repairs and Maintenance	694	1,125
Municipal Airport	3,396	375
Street Lighting	26,634	22,818
Sanitation		
Contracted Services	8,746	5,845
Total Public Works	<u>84,685</u>	<u>69,753</u>

VILLAGE OF BALDWIN, MICHIGAN

GENERAL FUND
COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED FEBRUARY 28,

	<u>2007</u>	<u>2006</u>
<u>CULTURE AND RECREATION</u>		
Parks		
Salaries and Wages	20,203	12,947
Operating Supplies	1,864	647
Contracted Services		
Wenger Pavilion	21,355	20,258
Other	1,690	2,050
Utilities	660	723
Repairs and Maintenance	286	269
Equipment Rental	1,850	483
Total Culture and Recreation	<u>47,908</u>	<u>37,377</u>
<u>OTHER FUNCTIONS</u>		
Fringe Benefits		
Social Security	5,046	4,882
Medicare	1,192	1,118
Michigan Unemployment	1,320	1,806
Retirement	17,348	15,516
Health and Life Insurance	87,269	86,696
Workers Compensation	2,335	2,835
Insurance and Bonds	13,336	15,174
Total Other Functions	<u>127,846</u>	<u>128,027</u>
 TOTAL EXPENDITURES	 \$ 395,672	 \$ 333,609

VILLAGE OF BALDWIN, MICHIGAN

MAJOR STREET FUND
COMPARATIVE BALANCE SHEET

	FEBRUARY 28 2007	FEBRUARY 28 2006
<u>ASSETS</u>		
Cash	\$ 250,106	\$ 227,517
Due from Other Governments	12,579	12,712
Due from Other Funds		
Payroll Fund	946	753
Prepaid Expenses	92	66
TOTAL ASSETS	\$ 263,723	\$ 241,048
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds		
General Fund	\$ 328	\$ 331
Local Street Fund	1,035	6,696
Equipment Fund	8,060	0
Deferred Revenue	185,988	185,988
Total Liabilities	195,411	193,015
<u>FUND BALANCE</u>		
Reserved for Prepaid Expenses	92	66
Unreserved	68,220	47,967
Total Fund Balance	68,312	48,033
TOTAL LIABILITIES AND FUND BALANCE	\$ 263,723	\$ 241,048

VILLAGE OF BALDWIN, MICHIGAN

MAJOR STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 28, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED FEBRUARY 28, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
State Grants			
Motor Vehicle Highway Fund-Act 51	\$ 63,000	\$ 69,730	\$ 69,936
MDEQ - Lake Street Construction	0	5,819	0
Interest and Rents			
Interest	150	8,150	1,594
Total Revenues	63,150	83,699	71,530
<u>EXPENDITURES</u>			
Public Works			
Street Construction	7,000	28,459	24,198
Routine Maintenance			
Salaries and Wages	7,000	4,732	3,824
Employee Benefits (FICA)	800	477	407
Materials and Supplies	3,000	1,332	3,417
Equipment Rental	20,000	5,744	9,505
Sweeping	600	0	630
Shoulder Work	0	3,896	784
Repairs & Maintenance	2,000	539	14,938
Winter Maintenance			
Salaries and Wages	0	4,184	3,271
Employee Benefits (FICA)	0	320	250
Equipment Rental	0	10,852	11,239
Administration and General			
Salaries and Wages	1,700	1,500	1,500
Workers' Compensation	0	302	360
Independent Audit	900	1,000	900
Legal Fees	200	0	0
Engineering	6,000	0	427
Telephone	0	83	0
Traffic Signs and Signals	1,250	0	923
Total Expenditures	50,450	63,420	76,573
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	12,700	20,279	(5,043)

VILLAGE OF BALDWIN, MICHIGAN

MAJOR STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 28, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED FEBRUARY 28, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In			
General Fund	4,500	0	0
Transfers Out			
Local Street Fund	(17,200)	0	(15,992)
	<u>(12,700)</u>	<u>0</u>	<u>(15,992)</u>
Total Other Financing Sources (Uses)	(12,700)	0	(15,992)
Net Change in Fund Balance	0	20,279	(21,035)
<u>FUND BALANCE - Beginning of Year</u>	<u>48,033</u>	<u>48,033</u>	<u>69,068</u>
<u>FUND BALANCE - End of Year</u>	<u>\$ 48,033</u>	<u>\$ 68,312</u>	<u>\$ 48,033</u>

VILLAGE OF BALDWIN, MICHIGAN

LOCAL STREET FUND
COMPARATIVE BALANCE SHEET

	FEBRUARY 28 2007	FEBRUARY 28 2006
<u>ASSETS</u>		
Cash	\$ 28,227	\$ 2,993
Due from Other Governmental Units	6,251	6,325
Due from Other Funds		
General Fund	0	4,393
Major Street Fund	1,035	6,696
Payroll Fund	1,217	911
Prepaid Expenses	129	146
TOTAL ASSETS	\$ 36,859	\$ 21,464

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to Other Funds		
General Fund	\$ 456	\$ 0
Equipment Fund	10,866	0
Total Liabilities	11,322	0

FUND BALANCE

Reserved for Prepaid Expenses	129	146
Unreserved	25,408	21,318
Total Fund Balance	25,537	21,464
TOTAL LIABILITIES AND FUND BALANCE	\$ 36,859	\$ 21,464

VILLAGE OF BALDWIN, MICHIGAN

LOCAL STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 28, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED FEBRUARY 28, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
State Grants			
Motor Vehicle Highway Fund - Act 51	\$ 42,000	40,293	\$ 35,018
Telecommunications Right of Way Maintenance	0	4,764	5,122
Interest and Rents			
Interest	100	578	202
Other Revenues			
Reimbursements	1,000	0	0
Total Revenues	<u>43,100</u>	<u>45,635</u>	<u>40,342</u>
<u>EXPENDITURES</u>			
Public Works			
Street Construction	6,000	0	0
Routine Maintenance			
Wages	11,000	7,990	8,914
Employee Benefits (FICA)	1,400	726	797
Workers' Compensation	0	473	710
Equipment Rental	26,500	7,670	14,915
Sweeping	0	677	0
Shoulder Work	750	0	554
Repairs & Maintenance	5,500	2,865	9,682
Winter Maintenance			
Wages	3,000	4,994	8,502
Employee Benefits (FICA)	0	382	650
Equipment Rental	0	13,201	20,389
Administration			
Salaries	1,600	1,500	1,500
Legal Fees	500	0	0
Independent Audit	950	1,000	900
Engineering	4,100	0	427
Telephone	0	84	0
Miscellaneous	0	0	16
Traffic Signs and Signals	800	0	396
Total Expenditures	<u>62,100</u>	<u>41,562</u>	<u>68,352</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>(19,000)</u>	<u>4,073</u>	<u>(28,010)</u>

VILLAGE OF BALDWIN, MICHIGAN

LOCAL STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 28, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED FEBRUARY 28, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In			
Major Street Fund	<u>17,000</u>	<u>0</u>	<u>15,992</u>
Net Change in Fund Balance	(2,000)	4,073	(12,018)
<u>FUND BALANCE - Beginning of Year</u>	<u>21,464</u>	<u>21,464</u>	<u>33,482</u>
<u>FUND BALANCE - End of Year</u>	<u>\$ 19,464</u>	<u>\$ 25,537</u>	<u>\$ 21,464</u>

VILLAGE OF BALDWIN, MICHIGAN

FIRE FUND
COMPARATIVE BALANCE SHEET

	FEBRUARY 28 2007	FEBRUARY 28 2006
	<hr/>	
<u>ASSETS</u>		
Cash	\$ 158,067	\$ 96,237
Due from Other Governmental Units	92,042	96,393
Due from Other Funds		
General Fund	0	3,933
Payroll Fund	0	107
Prepaid Expenses	14,029	14,222
	<hr/>	
TOTAL ASSETS	\$ 264,138	\$ 210,892
	<hr/>	

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 0	\$ 85
Due to Other Funds		
General Fund	14,069	0
Payroll Fund	218	0
Deferred Revenue	86,889	47,100
	<hr/>	
Total Liabilities	101,176	47,185
	<hr/>	

FUND BALANCE

Reserved for Prepaid Expenses	14,029	14,222
Unreserved	148,933	149,485
	<hr/>	
Total Fund Balance	162,962	163,707
	<hr/>	

TOTAL LIABILITIES AND FUND BALANCE	\$ 264,138	\$ 210,892
	<hr/>	

VILLAGE OF BALDWIN, MICHIGAN

FIRE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 28, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED FEBRUARY 28 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
State Grant			
VFA Grant	\$ 0	\$ 2,725	\$ 0
Charges for Services			
Fire Contract Revenue	100,000	81,721	96,164
Fire Run Revenue	10,000	0	0
Interest and Rents			
Interest Income	250	5,144	2,798
Other			
Donations and Miscellaneous	1,500	1,012	760
Total Revenues	111,750	90,602	99,722
<u>EXPENDITURES</u>			
Public Safety			
Fire Protection			
Salaries			
Fire Chief	2,000	1,750	1,750
Assistant Fire Chief	1,200	1,200	1,200
2nd Assistant Fire Chief	350	350	350
Treasurer	1,200	1,200	1,200
Captain	300	300	300
Safety Officer	300	300	300
Contracted Services - Firefighters	12,000	12,000	12,000
Contracted Services - Other	0	0	1,200
Employee Benefits (FICA)	200	134	134
Operating Supplies	16,250	13,375	14,420
Independent Audit	1,200	1,200	1,100
Legal Fees	500	0	0
Communications	1,500	1,416	1,518
Gasoline and Oil	4,750	3,501	3,949

VILLAGE OF BALDWIN, MICHIGAN

FIRE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 28, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED FEBRUARY 28 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Insurance	750	14,666	14,361
Electricity	850	841	734
Heat	1,000	2,077	1,159
Water	600	486	632
Equipment Repairs	750	1,742	321
Truck Repairs	5,500	7,523	4,691
Building Repairs	1,000	1,720	91
Training and Dues	3,200	1,373	1,532
Capital Outlay	52,350	1,458	0
Hydrant Rental	4,000	4,000	0
Safety Deposit Box Rental	0	0	36
Debt Service			
Principal	0	13,962	13,311
Interest Expense	0	4,773	5,424
Total Expenditures	<u>111,750</u>	<u>91,347</u>	<u>81,713</u>
Net Change in Fund Balance	0	(745)	18,009
<u>FUND BALANCE - Beginning of Year</u>	<u>163,707</u>	<u>163,707</u>	<u>145,698</u>
<u>FUND BALANCE - End of Year</u>	<u>\$ 163,707</u>	<u>\$ 162,962</u>	<u>\$ 163,707</u>

VILLAGE OF BALDWIN, MICHIGAN

1990 HOUSING REHABILITATION FUND
COMPARATIVE BALANCE SHEET

	FEBRUARY 28 2007	FEBRUARY 28 2006
<u>ASSETS</u>		
Cash	\$ 49,186	\$ 48,421
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Reserved for Community Development	49,186	48,421
TOTAL LIABILITIES AND FUND BALANCE	\$ 49,186	\$ 48,421

VILLAGE OF BALDWIN, MICHIGAN

1990 HOUSING REHABILITATION FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED

	<u>FEBRUARY 28</u> <u>2007</u>	<u>FEBRUARY 28</u> <u>2006</u>
<u>REVENUES</u>		
Interest and Rents		
Interest	\$ 1,965	\$ 1,131
Other Revenues		
MSHDA Loan Repayments	0	1,347
Total Revenues	1,965	2,478
<u>EXPENDITURES</u>		
Professional Fees	1,200	1,200
Net Change in Fund Balance	765	1,278
<u>FUND BALANCE - Beginning of Year</u>	48,421	47,143
<u>FUND BALANCE - End of Year</u>	\$ 49,186	\$ 48,421

VILLAGE OF BALDWIN, MICHIGAN

TOWNE CENTRAL CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET

	FEBRUARY 28 2007	FEBRUARY 28 2006
<u>ASSETS</u>		
Cash	\$ 0	\$ 6,921
Due from Other Funds		
Water Fund	41,257	0
Due from Other Governmental Units	<u>0</u>	<u>34,974</u>
	\$ <u>41,257</u>	\$ <u>41,895</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds		
Sewer Fund	\$ 41,257	\$ 41,757
<u>FUND BALANCE</u>		
Unreserved	<u>0</u>	<u>138</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>41,257</u>	\$ <u>41,895</u>

VILLAGE OF BALDWIN, MICHIGAN

TOWNE CENTRAL CAPITAL PROJECT FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED

	<u>FEBRUARY 28</u> <u>2007</u>	<u>FEBRUARY 28</u> <u>2006</u>
<u>REVENUES</u>		
Federal Grants		
Community Development Block Grant	\$ 87,410	\$ 76,404
Interest and Rents		
Interest	<u>508</u>	<u>135</u>
Total Revenues	<u>87,918</u>	<u>76,539</u>
 <u>EXPENDITURES</u>		
Public Works		
Capital Outlay	<u>129,313</u>	<u>76,404</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,395)	135
 <u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In		
Water Fund	<u>41,257</u>	<u>0</u>
Net Change in Fund Balance	(138)	135
<u>FUND BALANCE - Beginning of Year</u>	<u>138</u>	<u>3</u>
<u>FUND BALANCE - End of Year</u>	\$ <u><u>0</u></u>	\$ <u><u>138</u></u>

VILLAGE OF BALDWIN, MICHIGAN

WATER FUND
COMPARATIVE BALANCE SHEET

	FEBRUARY 28 2007	FEBRUARY 28 2006
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 65,029	\$ 64,632
Accounts Receivable	10,642	11,771
Due from Other Governments	0	23,319
Prepaid Expenses	3,086	2,988
Due from Other Funds		
Payroll Fund	3,754	2,577
Total Current Assets	82,511	105,287
<u>RESTRICTED ASSETS</u>		
Cash		
Bond Redemption	79,897	49,392
Bond Reserve	74,428	110,366
Total Restricted Assets	154,325	159,758
<u>PROPERTY, PLANT AND EQUIPMENT</u>		
Land	13,813	13,813
Machinery and Equipment	36,215	36,215
Water System Improvements	6,727,922	6,627,431
Accumulated Depreciation	(1,346,748)	(1,200,632)
Total Property, Plant and Equipment	5,431,202	5,476,827
TOTAL ASSETS	\$ 5,668,038	\$ 5,741,872

VILLAGE OF BALDWIN, MICHIGAN

WATER FUND
COMPARATIVE BALANCE SHEET

	FEBRUARY 28 2007	FEBRUARY 28 2006
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES (Payable from Current Assets)</u>		
Accounts Payable	\$ 0	\$ 19,674
Due to Other Funds		
General Fund	4,290	1,696
Towne Central Capital Projects Fund	41,257	0
Equipment Fund	31,462	0
Total Current Liabilities (Payable from Current Assets)	77,009	21,370
<u>CURRENT LIABILITIES (Payable from Restricted Assets)</u>		
Current Portion of Revenue Bonds	22,000	21,000
Accrued Interest Payable	19,400	19,600
Total Current Liabilities (Payable from Restricted Assets)	41,400	40,600
<u>LONG-TERM LIABILITIES</u>		
Revenue Bonds Payable (Net of Current Portion)	1,456,000	1,478,000
Total Liabilities	1,574,409	1,539,970
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	3,911,945	3,977,827
Restricted for Debt Service	154,325	159,758
Unrestricted	27,359	64,317
Total Net Assets	4,093,629	4,201,902
TOTAL LIABILITIES AND NET ASSETS	\$ 5,668,038	\$ 5,741,872

VILLAGE OF BALDWIN, MICHIGAN

WATER FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS

BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 28, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED FEBRUARY 28, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>OPERATING REVENUES</u>			
Water Billings	\$ 160,000	\$ 166,785	\$ 164,608
Hydrant Rental	4,000	4,000	4,000
Other Income	4,000	0	0
Total Operating Revenues	<u>168,000</u>	<u>170,785</u>	<u>168,608</u>
<u>OPERATING EXPENSES</u>			
Administration	2,000	1,500	1,500
Wages and Fringe Benefits	56,400	36,445	37,023
Collection Agent Salary	14,500	13,388	13,855
Office Supplies	500	23	52
Postage	900	456	757
Legal Fees	750	0	0
Professional Services	2,500	2,500	2,400
Lab Fees	5,000	14,975	5,633
Operating Supplies	9,250	12,124	10,119
Insurance	1,000	4,191	4,900
Utilities	18,500	24,514	18,554
Pump and Tower Maintenance	18,500	1,103	7,305
Equipment Rental	14,000	5,366	10,327
Alarm System Rent and Telephone	2,450	1,200	1,580
Education and Training	1,000	2,084	521
Depreciation	0	146,116	134,605
Dues and Fees	0	393	4,005
Miscellaneous	250	183	1,456
Total Operating Expenses	<u>147,500</u>	<u>266,561</u>	<u>254,592</u>
Operating Income (Loss)	<u>20,500</u>	<u>(95,776)</u>	<u>(85,984)</u>

VILLAGE OF BALDWIN, MICHIGAN

WATER FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS

BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 28, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED FEBRUARY 28, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest Income	2,500	5,521	4,936
Interest Expense	(25,000)	(65,249)	(66,296)
Rural Development Grant	0	46,981	89,600
Connection Fees	2,000	250	750
Total Nonoperating Revenues (Expenses)	<u>(20,500)</u>	<u>(12,497)</u>	<u>28,990</u>
Change in Net Assets	0	(108,273)	(56,994)
<u>NET ASSETS - Beginning of Year</u>	<u>4,201,902</u>	<u>4,201,902</u>	<u>4,258,896</u>
<u>NET ASSETS - End of Year</u>	\$ <u>4,201,902</u>	\$ <u>4,093,629</u>	\$ <u>4,201,902</u>

VILLAGE OF BALDWIN, MICHIGAN

WATER FUND
COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED

	<u>FEBRUARY 28</u> 2007	<u>FEBRUARY 28</u> 2006
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 171,914	\$ 165,749
Cash Payments to Suppliers for Goods and Services	(66,081)	(162,821)
Net Cash Provided by (Used for) Operating Activities	<u>105,833</u>	<u>2,928</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(100,491)	(148,680)
Grant Proceeds	70,300	212,000
User Contributions	250	750
Principal Paid on Bonds	(21,000)	(20,000)
Interest Paid on Bonds	(65,449)	(66,396)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(116,390)</u>	<u>(22,326)</u>
Cash Flows from Investing Activities		
Interest Income	<u>5,521</u>	<u>4,936</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,036)	(14,462)
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	<u>224,390</u>	<u>238,852</u>
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	<u>\$ 219,354</u>	<u>\$ 224,390</u>
<u>RECONCILIATION OF OPERATING INCOME</u> <u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	<u>\$ (95,776)</u>	<u>\$ (85,984)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	146,116	134,605
(Increase) Decrease in Current Assets		
Accounts Receivable	1,129	(3,299)
Prepaid Expenses	(98)	284
Due from Other Funds	(1,177)	3,297
Increase (Decrease) in Current Liabilities		
Accounts Payable	(19,674)	(29,474)
Due to Other Funds	75,313	(2,787)
Total Adjustments	<u>201,609</u>	<u>102,626</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 105,833</u>	<u>\$ 16,642</u>

VILLAGE OF BALDWIN, MICHIGAN

SEWER FUND
COMPARATIVE BALANCE SHEET

	FEBRUARY 28 2007	FEBRUARY 28 2006
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 442,986	\$ 521,846
Accounts Receivable	22,208	24,627
Prepaid Expenses	9,252	8,980
Due from Other Funds		
Towne Central Capital Projects Fund	41,257	41,757
Payroll Fund	7,598	4,340
Total Current Assets	523,301	601,550
<u>RESTRICTED ASSETS</u>		
Cash		
Replacement	34,863	27,630
Bond Redemption	14,481	9,749
Bond Reserve	136,647	133,815
Total Restricted Assets	185,991	171,194
<u>PROPERTY, PLANT AND EQUIPMENT</u>		
Land	35,267	35,267
Machinery and Equipment	33,102	33,102
Sewer System Improvements	11,098,209	11,098,209
Accumulated Depreciation	(1,867,461)	(1,627,629)
Total Property, Plant and Equipment	9,299,117	9,538,949
<u>DEFERRED CHARGES</u>		
Bond Issuance Costs - Net of Amortization	26,755	27,640
TOTAL ASSETS	\$ 10,035,164	\$ 10,339,333

VILLAGE OF BALDWIN, MICHIGAN

SEWER FUND
COMPARATIVE BALANCE SHEET

	<u>FEBRUARY 28</u> <u>2007</u>	<u>FEBRUARY 28</u> <u>2006</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u> (Payable from Current Assets)		
Accounts Payable	\$ 54	\$ 1,587
Due to Other Funds		
General Fund	11,498	3,843
Equipment Fund	1,447	0
	<hr/>	<hr/>
Total Current Liabilities Payable from Current Assets	12,999	5,430
	<hr/>	<hr/>
<u>CURRENT LIABILITIES</u> (Payable from Restricted Assets)		
Current Portion of Revenue Bonds	24,500	23,500
	<hr/>	<hr/>
<u>LONG-TERM LIABILITIES</u>		
Deferred Revenue	348,450	364,851
Revenue Bonds Payable (Net of Current Portion)	1,679,500	1,704,000
	<hr/>	<hr/>
Total Long-Term Liabilities	2,027,950	2,068,851
	<hr/>	<hr/>
Total Liabilities	2,065,449	2,097,781
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	7,595,117	7,811,449
Restricted for Debt Service	185,991	171,194
Unrestricted	188,607	258,909
	<hr/>	<hr/>
Total Net Assets	7,969,715	8,241,552
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 10,035,164	\$ 10,339,333
	<hr/>	<hr/>

VILLAGE OF BALDWIN, MICHIGAN

SEWER FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 28, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED FEBRUARY 28, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>OPERATING REVENUES</u>			
Sewer Billings	\$ 379,500	\$ 304,839	\$ 363,704
Septage Hauler Billings	10,000	15,970	15,060
Other	10,000	0	0
	<u>399,500</u>	<u>320,809</u>	<u>378,764</u>
<u>OPERATING EXPENSES</u>			
Administration	1,500	1,500	1,500
Wages and Fringe Benefits	100,600	92,021	91,930
Collection Agent Salary	14,500	13,412	13,885
Office Supplies	1,000	820	770
Postage	950	632	666
Legal Fees	500	0	17
Professional Services	2,000	1,900	1,800
Operating Supplies and Chemicals	29,700	23,791	39,177
Contracted Services - Operations Assistant	6,500	7,423	10,433
Lab Fees	1,000	3,650	0
Sludge Removal	25,000	18,406	0
Insurance	1,000	11,227	12,257
Electricity	63,500	68,973	54,873
Heat	12,500	15,194	14,706
Fuel Oil	750	2,264	134
Alarm System Rent and Telephone	4,500	5,199	4,527
Lift Station Maintenance	19,500	7,817	12,186
Treatment Plant Maintenance	11,000	16,403	12,392
Equipment Rental	7,500	4,412	11,927
Education and Training	1,500	836	2,112
Dues and Subscriptions	500	33	0
Depreciation	0	239,832	239,139
Total Operating Expenses	<u>305,500</u>	<u>535,745</u>	<u>524,431</u>
Operating Income (Loss)	<u>94,000</u>	<u>(214,936)</u>	<u>(145,667)</u>

VILLAGE OF BALDWIN, MICHIGAN

SEWER FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 28, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED FEBRUARY 28, 2006

	2007		2006
	BUDGET	ACTUAL	ACTUAL
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest Income	5,000	23,190	19,561
Interest Expense	(104,000)	(80,406)	(81,506)
Amortization of Bond Issuance Costs	0	(885)	(885)
Connection Fees	5,000	1,200	2,700
Total Nonoperating Revenues (Expenses)	(94,000)	(56,901)	(60,130)
Change in Net Assets	0	(271,837)	(205,797)
<u>NET ASSETS - Beginning of Year</u>	8,241,552	8,241,552	8,447,349
<u>NET ASSETS - End of Year</u>	\$ 8,241,552	\$ 7,969,715	\$ 8,241,552

VILLAGE OF BALDWIN, MICHIGAN

SEWER FUND

COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED

	<u>FEBRUARY 28</u> 2007	<u>FEBRUARY 28</u> 2006
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 306,827	\$ 370,727
Cash Payments to Suppliers for Goods and Services	(291,374)	(338,878)
Net Cash Provided by (Used for) Operating Activities	<u>15,453</u>	<u>31,849</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	0	(32,995)
User Contributions	1,200	2,700
Principal Paid on Bonds	(23,500)	(23,500)
Interest Paid on Bonds	(80,406)	(81,506)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(102,706)</u>	<u>(135,301)</u>
Cash Flows from Investing Activities		
Interest Income	<u>23,190</u>	<u>19,561</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(64,063)	(83,891)
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	<u>693,040</u>	<u>776,931</u>
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	<u><u>\$ 628,977</u></u>	<u><u>\$ 693,040</u></u>
<u>RECONCILIATION OF OPERATING INCOME</u> <u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	<u>\$ (214,936)</u>	<u>\$ (145,667)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	239,832	239,139
(Increase) Decrease in Current Assets		
Accounts Receivable	2,419	2,366
Prepaid Expenses	(272)	202
Due from Other Funds	(2,758)	(41,247)
Increase (Decrease) in Current and Long-Term Liabilities		
Accounts Payable	(1,533)	(910)
Due to Other Funds	9,102	(11,631)
Deferred Revenue	(16,401)	(10,403)
Total Adjustments	<u>230,389</u>	<u>177,516</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 15,453</u></u>	<u><u>\$ 31,849</u></u>

VILLAGE OF BALDWIN, MICHIGAN

EQUIPMENT FUND
COMPARATIVE BALANCE SHEET

	<u>FEBRUARY 28</u> <u>2007</u>	<u>FEBRUARY 28</u> <u>2006</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 134,728	\$ 175,988
Due from Other Funds		
Major Streets Fund	8,060	0
Local Streets Fund	10,866	0
Sewer Fund	1,447	0
Water Fund	31,462	0
Prepaid Expenses	4,565	4,479
	<hr/>	<hr/>
Total Current Assets	191,128	180,467
	<hr/>	<hr/>
<u>CAPITAL ASSETS</u>		
Machinery and Equipment	343,264	310,957
Accumulated Depreciation	(220,097)	(198,853)
	<hr/>	<hr/>
Total Capital Assets	123,167	112,104
	<hr/>	<hr/>
TOTAL ASSETS	\$ 314,295	\$ 292,571
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 1,074
Due to Other Funds		
General Fund	3,848	0
	<hr/>	<hr/>
Total Liabilities	3,848	1,074
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	123,167	112,104
Unrestricted	187,280	179,393
	<hr/>	<hr/>
Total Net Assets	310,447	291,497
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND EQUITY	\$ 314,295	\$ 292,571
	<hr/> <hr/>	<hr/> <hr/>

VILLAGE OF BALDWIN, MICHIGAN

EQUIPMENT FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

BUDGET AND ACTUAL

YEAR ENDED FEBRUARY 28, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED FEBRUARY 28, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>OPERATING REVENUES</u>			
Charges for Services			
Equipment Rental	\$ 75,000	\$ 62,586	\$ 89,374
<u>OPERATING EXPENSES</u>			
Administration	250	75	0
Professional Services	1,200	1,000	1,000
Operating Supplies	2,000	1,085	1,372
Gasoline and Oil	14,000	14,866	13,342
Insurance	0	5,137	4,499
Utilities			
Electricity	2,600	1,363	1,079
Heat	1,200	1,430	1,224
Telephone	1,300	825	883
Repairs and Maintenance			
Equipment Repairs	16,000	16,811	17,913
Building Repairs	2,450	43	0
Capital Outlay	35,000	0	0
Miscellaneous	0	103	0
Depreciation	0	21,244	17,081
Total Operating Expenses	76,000	63,982	58,393
Operating Income (Loss)	(1,000)	(1,396)	30,981
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest Income	1,000	5,661	2,768
Grants	0	14,685	71,700
Total Non-Operating Revenues (Expenses)	1,000	20,346	74,468
Change in Net Assets	0	18,950	105,449
<u>NET ASSETS - Beginning of Year</u>	168,011	291,497	186,048
<u>NET ASSETS - End of Year</u>	\$ 168,011	\$ 310,447	\$ 291,497

VILLAGE OF BALDWIN, MICHIGAN

EQUIPMENT FUND
COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED

	<u>FEBRUARY 28</u> <u>2007</u>	<u>FEBRUARY 28</u> <u>2006</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Interfund Services Provided	\$ 10,751	\$ 63,076
Cash Payments to Suppliers for Goods and Services	(40,050)	(41,128)
	<hr/>	<hr/>
Net Cash Provided by (Used for) Operating Activities	(29,299)	21,948
	<hr/>	<hr/>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(32,307)	0
Grant Proceeds	14,685	71,700
	<hr/>	<hr/>
Net Cash Provided by (Used for) Capital and Related Financing Activities	(17,622)	71,700
	<hr/>	<hr/>
Cash Flows from Investing Activities:		
Interest Income	5,661	2,768
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	(41,260)	96,416
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	175,988	79,572
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	\$ 134,728	\$ 175,988
	<hr/> <hr/>	<hr/> <hr/>
<u>RECONCILIATION OF OPERATING INCOME</u> <u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ (1,396)	\$ 30,981
	<hr/>	<hr/>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	21,244	17,081
(Increase) Decrease in Current Assets		
Due from Other Funds	(51,835)	
Prepaid Expenses	(86)	20
Increase (Decrease) in Current Liabilities		
Accounts Payable	(1,074)	164
Due to Other Funds	3,848	(26,298)
	<hr/>	<hr/>
Total Adjustments	(27,903)	(9,033)
	<hr/>	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (29,299)	\$ 21,948
	<hr/> <hr/>	<hr/> <hr/>

VILLAGE OF BALDWIN, MICHIGAN
FIDUCIARY FUND
IMPREST PAYROLL FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED FEBRUARY 28, 2007

	MARCH 1		FEBRUARY 28	
	2006	ADDITIONS	DEDUCTIONS	2007
<u>ASSETS</u>				
Cash	\$ 9,437	\$ 307,816	\$ 295,931	\$ 21,322
Payroll Withholdings Overpaid	4,327	122,196	124,614	1,909
TOTAL ASSETS	\$ 13,764	\$ 430,012	\$ 420,545	\$ 23,231
<u>LIABILITIES</u>				
Accrued Payroll Taxes	\$ 824	\$ 1,379	\$ 1,731	\$ 472
Due to Other Funds				
General Fund	4,252	136,075	130,865	9,462
Major Streets Fund	753	10,651	10,458	946
Local Streets Fund	911	14,265	13,959	1,217
Fire Fund	107	1,559	1,884	(218)
Sewer Fund	4,340	93,826	90,568	7,598
Water Fund	2,577	45,479	44,302	3,754
TOTAL LIABILITIES	\$ 13,764	\$ 303,234	\$ 293,767	\$ 23,231

VILLAGE OF BALDWIN, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY FUNDS
COMBINING BALANCE SHEET

FEBRUARY 28, 2007
WITH COMPARATIVE TOTALS FOR FEBRUARY 28, 2006

	DEBT		TOTALS	
	OPERATING	RETIREMENT	2007	2006
	FUND	FUND		
<u>ASSETS</u>				
Cash	\$ 20,398	\$ 2,566	\$ 22,964	\$ 79,404
Receivable				
Property Taxes	184,874	0	184,874	74,772
TOTAL ASSETS	\$ 205,272	\$ 2,566	\$ 207,838	\$ 154,176
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Deferred Revenue	\$ 161,854	\$ 0	\$ 161,854	\$ 60,801
Due to Primary Government				
General Fund	3,728	0	3,728	45,728
Total Liabilities	165,582	0	165,582	106,529
<u>FUND BALANCES</u>				
Reserved for Debt Service	0	2,566	2,566	2,530
Unreserved	39,690	0	39,690	45,117
Total Fund Balances	39,690	2,566	42,256	47,647
TOTAL LIABILITIES AND FUND BALANCE	\$ 205,272	\$ 2,566	\$ 207,838	\$ 154,176

VILLAGE OF BALDWIN, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED FEBRUARY 28, 2007

WITH COMPARATIVE TOTALS FOR YEAR ENDED FEBRUARY 28, 2006

	OPERATING	DEBT	TOTALS	
	FUND	RETIREMENT	2007	2006
	FUND	FUND		
<u>REVENUES</u>				
Taxes	\$ 96,632	\$ 0	\$ 96,632	\$ 153,217
Interest and Rents	2,506	16	2,522	1,303
Total Revenues	99,138	16	99,154	154,520
<u>EXPENDITURES</u>				
General Government	17,226	0	17,226	17,199
Capital Outlay	501	0	501	5,000
Debt Retirement	1,095	85,723	86,818	90,423
Total Expenditures	18,822	85,723	104,545	112,622
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	80,316	(85,707)	(5,391)	41,898
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in (Out)	(85,743)	85,743	0	0
Net Change in Fund Balances	(5,427)	36	(5,391)	41,898
<u>FUND BALANCES - Beginning of Year</u>	45,117	2,530	47,647	5,749
<u>FUND BALANCES - End of Year</u>	\$ 39,690	\$ 2,566	\$ 42,256	\$ 47,647

VILLAGE OF BALDWIN, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY OPERATING FUND

COMPARATIVE BALANCE SHEET

	FEBRUARY 28 2007	FEBRUARY 28 2006
<u>ASSETS</u>		
Cash	\$ 20,398	\$ 76,874
Receivables		
Property Taxes	184,874	74,772
TOTAL ASSETS	<u>\$ 205,272</u>	<u>\$ 151,646</u>

LIABILITIES AND FUND BALANCE

<u>LIABILITIES</u>		
Deferred Revenue	\$ 161,854	\$ 60,801
Due to Primary Government		
General Fund	3,728	45,728
Total Liabilities	165,582	106,529
<u>FUND BALANCE</u>		
Unreserved	39,690	45,117
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 205,272</u>	<u>\$ 151,646</u>

VILLAGE OF BALDWIN, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY OPERATING FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED

	<u>FEBRUARY 28</u> <u>2007</u>	<u>FEBRUARY 28</u> <u>2006</u>
<u>REVENUES</u>		
Taxes		
Current Property Tax Levy	\$ 23,020	\$ 92,671
Delinquent Taxes	73,612	60,546
Interest and Rents		
Interest	2,506	1,290
Total Revenues	<u>99,138</u>	<u>154,507</u>
<u>EXPENDITURES</u>		
General Government		
Office Supplies	15	39
Insurance-Bond	170	170
Professional Services	1,200	1,100
Contracted Services	9,000	9,000
Promotion	146	950
Dues and Fees	200	700
Maintenance	5,821	3,103
Water	674	2,137
Capital Outlay		
Plaque	501	0
Trailhead	0	5,000
Debt Service		
Interest	1,095	2,480
Total Expenditures	<u>18,822</u>	<u>24,679</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	80,316	129,828
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers Out		
Debt Service Fund	<u>(85,743)</u>	<u>(87,942)</u>
Net Change in Fund Balance	(5,427)	41,886
<u>FUND BALANCE - Beginning of Year</u>	<u>45,117</u>	<u>3,231</u>
<u>FUND BALANCE - End of Year</u>	<u>\$ 39,690</u>	<u>\$ 45,117</u>

VILLAGE OF BALDWIN, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY DEBT RETIREMENT FUND
COMPARATIVE BALANCE SHEET

	FEBRUARY 28 2007	FEBRUARY 28 2006
<u>ASSETS</u>		
Cash	\$ 2,566	\$ 2,530
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Reserved for Debt Service	2,566	2,530
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,566	\$ 2,530

VILLAGE OF BALDWIN, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY DEBT RETIREMENT FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED,

	<u>FEBRUARY 28</u> <u>2007</u>	<u>FEBRUARY 28</u> <u>2006</u>
<u>REVENUES</u>		
Interest and Rents		
Interest	\$ 16	\$ 13
<u>EXPENDITURES</u>		
Debt Service		
Principal	40,000	40,000
Interest and Fiscal Charges	45,453	47,653
Paying Agent Fees	270	290
Total Expenditures	85,723	87,943
Excess (Deficiency) of Revenues Over (Under) Expenditures	(85,707)	(87,930)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In		
Operating Fund	85,743	87,942
Net Change in Fund Balance	36	12
<u>FUND BALANCE - Beginning of Year</u>	2,530	2,518
<u>FUND BALANCE - End of Year</u>	\$ 2,566	\$ 2,530

VILLAGE OF BALDWIN, MICHIGAN

STATEMENT OF 2006 PROPERTY TAX ROLL
YEAR ENDED FEBRUARY 28, 2007

TAXES ASSESSED (Taxable Valuation \$9,531,862) *

General Fund - 14.3665 Mills	\$	136,936	
General Fund - Enterprize Zone Taxes		<u>1,180</u>	\$ 138,116

TAXES COLLECTED

General Fund			<u>100,611</u>
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TAXES RETURNED DELINQUENT

General Fund			\$ <u><u>37,505</u></u>
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* Total Taxable Valuation	\$	15,553,238	
Less Downtown Development			
Authority Capture		<u>6,021,376</u>	
	\$	<u><u>9,531,862</u></u>	

VILLAGE OF BALDWIN, MICHIGAN

STATEMENT OF 2006 TAX INCREMENT FINANCING TAX ROLL
YEAR ENDED FEBRUARY 28, 2007

SUMMER TAX ROLL - VILLAGE OF BALDWIN

TAXES ASSESSED (Captured Taxable Valuation \$6,021,376)

Downtown Development Authority - 14.3665 Mills	\$ 86,506
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TAXES COLLECTED

Downtown Development Authority	<u>0</u>
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TAXES RETURNED DELINQUENT

Downtown Development Authority	\$ <u><u>86,506</u></u>
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WINTER AND SUMMER TAX ROLLS

	CAPTURED TAXABLE VALUE	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED DELINQUENT
Webber Township		\$ 18,572	\$ 0	\$ 18,572
Pleasant Plains Township		13,020	0	13,020
Lake County		<u>66,776</u>	<u>0</u>	<u>66,776</u>
	<u>\$ 6,021,376</u>	<u>\$ 98,368</u>	<u>\$ 0</u>	<u>\$ 98,368</u>

VILLAGE OF BALDWIN, MICHIGAN

WATER SUPPLY SYSTEM REVENUE BONDS PAYABLE
YEAR ENDED FEBRUARY 28, 2007

<u>TITLE OF ISSUE</u>	Water Supply System Revenue Bonds		
<u>PURPOSE</u>	Defraying part of the cost of acquiring and constructing improvements to the Water Supply System		
<u>DATE OF ISSUE</u>	April 14, 1981		
<u>INTEREST RATE</u>	5.00%		
<u>INTEREST PAYABLE</u>	January 1st and July 1st of each year		
<u>AMOUNT OF ISSUE</u>		\$	455,000
<u>BONDS RETIRED</u>			
Prior Years	\$	203,000	
Current Year		<u>14,000</u>	<u>217,000</u>
<u>BALANCE OUTSTANDING - February 28, 2007</u>		\$	<u><u>238,000</u></u>

<u>DUE DATES</u>	<u>REQUIREMENTS</u>		
	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
July 1, 2007	\$ 5,950	\$ 5,950	
January 1, 2008	20,950	5,950	\$ 15,000
July 1, 2008	5,575	5,575	
January 1, 2009	21,575	5,575	16,000
July 1, 2009	5,175	5,175	
January 1, 2010	21,175	5,175	16,000
July 1, 2010	4,775	4,775	
January 1, 2011	21,775	4,775	17,000

VILLAGE OF BALDWIN, MICHIGAN

WATER SUPPLY SYSTEM REVENUE BONDS PAYABLE
YEAR ENDED FEBRUARY 28, 2007

<u>DUE DATES</u>	<u>REQUIREMENTS</u>		
	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
July 1, 2011	4,350	4,350	
January 1, 2012	22,350	4,350	18,000
July 1, 2012	3,900	3,900	
January 1, 2013	22,900	3,900	19,000
July 1, 2013	3,425	3,425	
January 1, 2014	23,425	3,425	20,000
July 1, 2014	2,925	2,925	
January 1, 2015	23,925	2,925	21,000
July 1, 2015	2,400	2,400	
January 1, 2016	24,400	2,400	22,000
July 1, 2016	1,850	1,850	
January 1, 2017	24,850	1,850	23,000
July 1, 2017	1,275	1,275	
January 1, 2018	25,275	1,275	24,000
July 1, 2018	675	675	
January 1, 2019	27,675	675	27,000
	\$ 322,550	\$ 84,550	\$ 238,000

VILLAGE OF BALDWIN, MICHIGAN

WATER SUPPLY SYSTEM REVENUE BONDS PAYABLE
YEAR ENDED FEBRUARY 28, 2007

<u>TITLE OF ISSUE</u>	Water Supply System Revenue Bonds		
<u>PURPOSE</u>	Defraying part of the cost of acquiring and constructing improvements to the Water Supply System.		
<u>DATE OF ISSUE</u>	September 23, 2003		
<u>INTEREST RATE</u>	4.25%		
<u>INTEREST PAYABLE</u>	May 1st and November 1st of each year		
<u>AMOUNT OF ISSUE</u>		\$	1,254,000
<u>BONDS RETIRED</u>			
Prior Years	\$	7,000	
Current Year		<u>7,000</u>	<u>14,000</u>
<u>BALANCE OUTSTANDING - February 28, 2007</u>		\$	<u><u>1,240,000</u></u>

<u>DUE DATES</u>	<u>REQUIREMENTS</u>		
	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
May 1, 2007	\$ 33,350	\$ 26,350	\$ 7,000
November 1, 2007	26,201	26,201	
May 1, 2008	33,201	26,201	7,000
November 1, 2008	26,053	26,053	
May 1, 2009	34,052	26,052	8,000
November 1, 2009	25,883	25,883	
May 1, 2010	33,882	25,882	8,000
November 1, 2010	25,713	25,713	
May 1, 2011	33,712	25,712	8,000
November 1, 2011	25,543	25,543	
May 1, 2012	33,543	25,543	8,000
November 1, 2012	25,373	25,373	
May 1, 2013	33,372	25,372	8,000
November 1, 2013	25,203	25,203	

VILLAGE OF BALDWIN, MICHIGAN

WATER SUPPLY SYSTEM REVENUE BONDS PAYABLE
YEAR ENDED FEBRUARY 28, 2007

<u>DUE DATES</u>	<u>REQUIREMENTS</u>		
	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
May 1, 2014	34,202	25,202	9,000
November 1, 2014	25,011	25,011	
May 1, 2015	34,011	25,011	9,000
November 1, 2015	24,820	24,820	
May 1, 2016	33,820	24,820	9,000
November 1, 2016	24,629	24,629	
May 1, 2017	34,629	24,629	10,000
November 1, 2017	24,416	24,416	
May 1, 2018	34,416	24,416	10,000
November 1, 2018	24,204	24,204	
May 1, 2019	49,204	24,204	25,000
November 1, 2019	23,673	23,673	
May 1, 2020	49,672	23,672	26,000
November 1, 2020	23,120	23,120	
May 1, 2021	50,120	23,120	27,000
November 1, 2021	22,546	22,546	
May 1, 2022	51,546	22,546	29,000
November 1, 2022	21,930	21,930	
May 1, 2023	51,930	21,930	30,000
November 1, 2023	21,293	21,293	
May 1, 2024	53,292	21,292	32,000
November 1, 2024	20,613	20,613	
May 1, 2025	53,612	20,612	33,000
November 1, 2025	19,911	19,911	
May 1, 2026	54,911	19,911	35,000
November 1, 2026	19,168	19,168	
May 1, 2027	55,167	19,167	36,000
November 1, 2027	18,403	18,403	
May 1, 2028	56,402	18,402	38,000
November 1, 2028	17,595	17,595	
May 1, 2029	57,595	17,595	40,000
November 1, 2029	16,745	16,745	
May 1, 2030	57,745	16,745	41,000
November 1, 2030	15,874	15,874	
May 1, 2031	59,874	15,874	44,000
November 1, 2031	14,939	14,939	
May 1, 2032	60,939	14,939	46,000
November 1, 2032	13,961	13,961	

VILLAGE OF BALDWIN, MICHIGAN

WATER SUPPLY SYSTEM REVENUE BONDS PAYABLE
YEAR ENDED FEBRUARY 28, 2007

<u>DUE DATES</u>	<u>REQUIREMENTS</u>		
	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
May 1, 2033	61,961	13,961	48,000
November 1, 2033	12,941	12,941	
May 1, 2034	61,941	12,941	49,000
November 1, 2034	11,900	11,900	
May 1, 2035	63,900	11,900	52,000
November 1, 2035	10,795	10,795	
May 1, 2036	64,795	10,795	54,000
November 1, 2036	9,648	9,648	
May 1, 2037	65,647	9,647	56,000
November 1, 2037	8,458	8,458	
May 1, 2038	67,457	8,457	59,000
November 1, 2038	7,204	7,204	
May 1, 2039	69,204	7,204	62,000
November 1, 2039	5,886	5,886	
May 1, 2040	70,886	5,886	65,000
November 1, 2040	4,505	4,505	
May 1, 2041	72,505	4,505	68,000
November 1, 2041	3,060	3,060	
May 1, 2042	74,060	3,060	71,000
November 1, 2042	1,551	1,551	
May 1, 2043	74,551	1,551	73,000
	<u>\$ 2,563,874</u>	<u>\$ 1,323,874</u>	<u>\$ 1,240,000</u>

VILLAGE OF BALDWIN, MICHIGAN

SANITARY SEWER SYSTEM REVENUE BONDS PAYABLE
YEAR ENDED FEBRUARY 28, 2007

<u>TITLE OF ISSUE</u>	Sanitary Sewer System Revenue Bonds
<u>PURPOSE</u>	Construction of Sanitary Sewer System
<u>DATE OF ISSUE</u>	March 8, 1996
<u>INTEREST RATE</u>	5.00%
<u>INTEREST PAYABLE</u>	March 1st and September 1st of each year

<u>AMOUNT OF ISSUE</u>	\$ 855,000
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BONDS RETIRED

Prior Years	\$ 82,500	
Current Year	<u>11,500</u>	<u>94,000</u>

<u>BALANCE OUTSTANDING - February 28, 2007</u>	\$ <u><u>761,000</u></u>
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<u>DUE DATES</u>	<u>REQUIREMENTS</u>		
	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
September 1, 2007	\$ 19,025	\$ 19,025	
March 1, 2008	30,525	19,025	\$ 11,500
September 1, 2008	18,737	18,737	
March 1, 2009	31,237	18,737	12,500
September 1, 2009	18,425	18,425	
March 1, 2010	31,425	18,425	13,000
September 1, 2010	18,100	18,100	
March 1, 2011	32,100	18,100	14,000
September 1, 2011	17,750	17,750	
March 1, 2012	33,250	17,750	15,500

VILLAGE OF BALDWIN, MICHIGAN

SANITARY SEWER SYSTEM REVENUE BONDS PAYABLE
YEAR ENDED FEBRUARY 28, 2007

<u>DUE DATES</u>	<u>REQUIREMENTS</u>		
	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
September 1, 2012	17,362	17,362	
March 1, 2013	32,862	17,362	15,500
September 1, 2013	16,975	16,975	
March 1, 2014	33,475	16,975	16,500
September 1, 2014	16,562	16,562	
March 1, 2015	33,562	16,562	17,000
September 1, 2015	16,137	16,137	
March 1, 2016	34,137	16,137	18,000
September 1, 2016	15,687	15,687	
March 1, 2017	34,687	15,687	19,000
September 1, 2017	15,212	15,212	
March 1, 2018	35,712	15,212	20,500
September 1, 2018	14,700	14,700	
March 1, 2019	35,200	14,700	20,500
September 1, 2019	14,187	14,187	
March 1, 2020	36,187	14,187	22,000
September 1, 2020	13,637	13,637	
March 1, 2021	36,638	13,638	23,000
September 1, 2021	13,063	13,063	
March 1, 2022	37,063	13,063	24,000
September 1, 2022	12,463	12,463	
March 1, 2023	37,963	12,463	25,500
September 1, 2023	11,825	11,825	
March 1, 2024	38,325	11,825	26,500
September 1, 2024	11,163	11,163	
March 1, 2025	39,163	11,163	28,000
September 1, 2025	10,463	10,463	
March 1, 2026	39,963	10,463	29,500
September 1, 2026	9,725	9,725	
March 1, 2027	40,225	9,725	30,500
September 1, 2027	8,963	8,963	
March 1, 2028	40,963	8,963	32,000
September 1, 2028	8,163	8,163	
March 1, 2029	42,663	8,163	34,500
September 1, 2029	7,300	7,300	
March 1, 2030	42,800	7,300	35,500

VILLAGE OF BALDWIN, MICHIGAN

SANITARY SEWER SYSTEM REVENUE BONDS PAYABLE
YEAR ENDED FEBRUARY 28, 2007

<u>DUE DATES</u>	<u>REQUIREMENTS</u>		
	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
September 1, 2030	6,413	6,413	
March 1, 2031	44,413	6,413	38,000
September 1, 2031	5,463	5,463	
March 1, 2032	44,963	5,463	39,500
September 1, 2032	4,475	4,475	
March 1, 2033	46,475	4,475	42,000
September 1, 2033	3,425	3,425	
March 1, 2034	46,925	3,425	43,500
September 1, 2034	2,338	2,338	
March 1, 2035	47,838	2,338	45,500
September 1, 2035	1,200	1,200	
March 1, 2036	49,200	1,200	48,000
	\$ 1,458,877	\$ 697,877	\$ 761,000

VILLAGE OF BALDWIN, MICHIGAN

SANITARY SEWER SYSTEM REVENUE BONDS PAYABLE
YEAR ENDED FEBRUARY 28, 2007

<u>TITLE OF ISSUE</u>	Sanitary Sewer System Revenue Bonds
<u>PURPOSE</u>	Construction of Sanitary Sewer System
<u>DATE OF ISSUE</u>	June 3, 2000
<u>INTEREST RATE</u>	4.38%
<u>INTEREST PAYABLE</u>	March 1st and September 1st of each year
<u>AMOUNT OF ISSUE</u>	\$ 1,016,000
<u>BONDS RETIRED</u>	
Prior Years	\$ 61,000
Current Year	<u>12,000</u> 73,000
<u>BALANCE OUTSTANDING - February 28, 2007</u>	\$ <u>943,000</u>

<u>DUE DATES</u>	<u>REQUIREMENTS</u>		
	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
September 1, 2007	\$ 20,628	\$ 20,628	
March 1, 2008	33,628	20,628	\$ 13,000
September 1, 2008	20,344	20,344	
March 1, 2009	34,344	20,344	14,000
September 1, 2009	20,038	20,038	
March 1, 2010	34,038	20,038	14,000
September 1, 2010	19,731	19,731	
March 1, 2011	34,731	19,731	15,000
September 1, 2011	19,403	19,403	
March 1, 2012	35,403	19,403	16,000
September 1, 2012	19,053	19,053	
March 1, 2013	35,053	19,053	16,000
September 1, 2013	18,703	18,703	

VILLAGE OF BALDWIN, MICHIGAN

SANITARY SEWER SYSTEM REVENUE BONDS PAYABLE
YEAR ENDED FEBRUARY 28, 2007

<u>DUE DATES</u>	<u>REQUIREMENTS</u>		
	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
March 1, 2014	35,703	18,703	17,000
September 1, 2014	18,331	18,331	
March 1, 2015	36,331	18,331	18,000
September 1, 2015	17,938	17,938	
March 1, 2016	36,938	17,938	19,000
September 1, 2016	17,522	17,522	
March 1, 2017	37,522	17,522	20,000
September 1, 2017	17,084	17,084	
March 1, 2018	38,084	17,084	21,000
September 1, 2018	16,625	16,625	
March 1, 2019	38,625	16,625	22,000
September 1, 2019	16,144	16,144	
March 1, 2020	39,144	16,144	23,000
September 1, 2020	15,641	15,641	
March 1, 2021	39,641	15,641	24,000
September 1, 2021	15,116	15,116	
March 1, 2022	40,116	15,116	25,000
September 1, 2022	14,569	14,569	
March 1, 2023	40,569	14,569	26,000
September 1, 2023	14,000	14,000	
March 1, 2024	42,000	14,000	28,000
September 1, 2024	13,388	13,388	
March 1, 2025	42,388	13,388	29,000
September 1, 2025	12,753	12,753	
March 1, 2026	42,753	12,753	30,000
September 1, 2026	12,097	12,097	
March 1, 2027	44,097	12,097	32,000
September 1, 2027	11,397	11,397	
March 1, 2028	44,397	11,397	33,000
September 1, 2028	10,675	10,675	
March 1, 2029	45,675	10,675	35,000
September 1, 2029	9,909	9,909	
March 1, 2030	46,909	9,909	37,000
September 1, 2030	9,100	9,100	
March 1, 2031	47,100	9,100	38,000
September 1, 2031	8,269	8,269	
March 1, 2032	48,269	8,269	40,000

VILLAGE OF BALDWIN, MICHIGAN

SANITARY SEWER SYSTEM REVENUE BONDS PAYABLE
YEAR ENDED FEBRUARY 28, 2007

<u>DUE DATES</u>	<u>REQUIREMENTS</u>		
	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
September 1, 2032	7,394	7,394	
March 1, 2033	49,394	7,394	42,000
September 1, 2033	6,475	6,475	
March 1, 2034	50,475	6,475	44,000
September 1, 2034	5,513	5,513	
March 1, 2035	51,513	5,513	46,000
September 1, 2035	4,506	4,506	
March 1, 2036	52,506	4,506	48,000
September 1, 2036	3,456	3,456	
March 1, 2037	54,456	3,456	51,000
September 1, 2037	2,341	2,341	
March 1, 2038	55,341	2,341	53,000
September 1, 2038	1,181	1,181	
March 1, 2039	55,181	1,181	54,000
	\$ 1,781,648	\$ 838,648	\$ 943,000

VILLAGE OF BALDWIN, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY TAX INCREMENT BONDS PAYABLE
FEBRUARY 28, 2007

<u>TITLE OF ISSUE</u>	Tax Increment Bonds-Series 2002		
<u>PURPOSE</u>	The Bonds are being issued for the purpose of paying part of the cost of a		
<u>DATE OF ISSUE</u>	April 1, 2002		
<u>INTEREST PAYABLE</u>	April 1, and October 1, of Each Year		
<u>AMOUNT OF ISSUE</u>		\$	995,000
<u>BONDS RETIRED</u>			
Prior Years	\$	130,000	
Current Year		<u>40,000</u>	<u>170,000</u>
<u>BALANCE OUTSTANDING</u>	February 28, 2007	\$	<u><u>825,000</u></u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
April 1, 2007		\$ 21,627	\$ 21,627	
October 1, 2007	5.50%	61,627	21,627	\$ 40,000
April 1, 2008		20,527	20,527	
October 1, 2008	5.50%	70,527	20,527	50,000
April 1, 2009		19,152	19,152	
October 1, 2009	5.50%	69,152	19,152	50,000
April 1, 2010		17,777	17,777	
October 1, 2010	5.50%	67,777	17,777	50,000
April 1, 2011		16,402	16,402	
October 1, 2011	5.00%	76,402	16,402	60,000
April 1, 2012		14,902	14,902	
October 1, 2012	5.00%	74,902	14,902	60,000
April 1, 2013		13,402	13,402	
October 1, 2013	5.00%	73,402	13,402	60,000
April 1, 2014		11,902	11,902	
October 1, 2014	5.10%	81,902	11,902	70,000
April 1, 2015		10,117	10,117	

VILLAGE OF BALDWIN, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY TAX INCREMENT BONDS PAYABLE

FEBRUARY 28, 2007

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
October 1, 2015	5.15%	80,117	10,117	70,000
April 1, 2016		8,314	8,314	
October 1, 2016	5.20%	78,314	8,314	70,000
April 1, 2017		6,494	6,494	
October 1, 2017	5.25%	86,494	6,494	80,000
April 1, 2018		4,394	4,394	
October 1, 2018	5.30%	84,394	4,394	80,000
April 1, 2019		2,274	2,274	
October 1, 2019	5.35%	87,274	2,274	85,000
		<u>\$ 1,159,568</u>	<u>\$ 334,568</u>	<u>\$ 825,000</u>

DENOMINATIONS

\$5,000 Each, or any Integral Multiple Thereof.

REDEMPTION PRIOR TO MATURITY

The Bonds or portions of the Bonds in multiples of
Bonds called for redemption on or after October 1, 2010

SECURITY

The bonds are payable solely from the pledged tax
The full faith and credit of the Villlage has not been
pledged to secure repayment of the bonds.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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June 22, 2007

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Village Council
Village of Baldwin
Baldwin, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Village of Baldwin, Michigan, as of and for the year ended February 28, 2007, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 22, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Baldwin, Baldwin, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of considered the Village of Baldwin, Baldwin, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of considered the Village of Baldwin, Baldwin, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

1) Lack of Segregation of Duties

The relatively small number of people involved in the accounting functions of the Village make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Council must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation. We realize that it is not financially practical for the Council to establish a larger accounting staff in order to implement proper segregation of duties and have taken measures of management oversight to help compensate for this limitation.

2) Lack of Adequate Controls to Produce Full Disclosure GAAP Basis Financial Statements.

All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principals (GAAP). This is a responsibility of the government's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting).

As is the case with many smaller and medium-sized entities, the government has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the government's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its *external* auditors, who cannot by definition be considered a part of the government's *internal* controls.

This condition was caused by the government's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the government to perform this task internally. As a result of this condition, the government lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

The government has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Of the significant deficiencies described above, we consider number 2 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Baldwin, Baldwin, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Village Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.